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CREDIT

and Financial Management

MAY, 1943

N. A. C. M.

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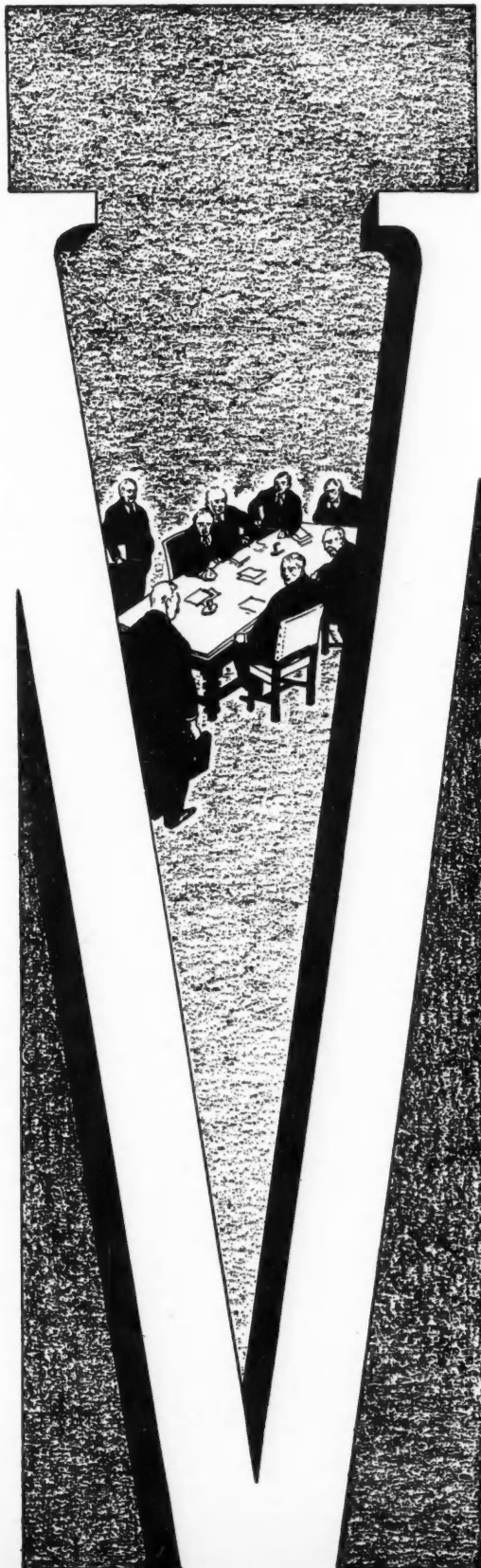
ST. LOUIS, MO.

May 25-26-27

Two and one-half days devoted to the Credit Problems of Industry as they have developed in All-out War Production.

Thirty-five Industry Group Conferences where Credit Executives will be able to learn of the experience of others.

HOW TO WIN THE
PEACE THROUGH
POST-WAR PLANNING
NOW—IMPORTANT
ADDRESSES BY LEADING
BUSINESS EXECUTIVES
AND ECONOMISTS



In This Issue—

Economist for Minneapolis Federal Reserve Bank discusses prospects for business after the War.

See Page 4

Who is the thief in your organization? Is there any way to spot him in advance? What protection is available against business infidelity?

See Page 7

Credit men are seeking more information from the financial statements they require from their customers. Some interesting new questions they are now asking.

See Page 9

What is the reason for a 13% decline in number of bankruptcy cases filed during the first quarter of the present fiscal year?

See Page 12

What would you say to a customer who has refused to answer your collection letters? Helen Sommers gives you some useful suggestions on "last stage" collections.

See Page 15

If you are going to the War Credit Congress, you want to know what subjects will be discussed at your Industry Group meeting on Wednesday, May 26th. Chairman O. E. Dede reports on these Industry Programs.

See Page 21

W. Randolph Montgomery, General Counsel of the National Association of Credit Men, gives complete digest of recent United States Supreme Court opinion on Assignment of Accounts Receivable.

See Page 24

For news about your Association and others affiliated in N.A.C.M., turn to Page 33-38.

Unsolicited Comments

prove the value of

CREDIT TRAINING

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Home Study Method

*Just a few of the many appreciative comments from
those who have completed the correspondence
course in Credits and Collections.*

Helen K. Bernard, Charles City, Iowa

"I was pleased to receive your letter with the result of my final examination. I thoroughly enjoyed the course and it has proven very helpful to me in my work."

Baxter Davis, Chattanooga, Tenn.

"Throughout the duration of my course with the National Institute of Credit, my work has been very interesting and I have studied your comments finding them educational and applicable to every day business life."

Ralph Hutchinson, Chicago, Ill.

"May I again express my sincere appreciation for the personal attention you have given them (solutions to problems) and the constructive criticisms offered."

Dorothy I. Kasbee, Cambridge Springs, Pa.

"I enjoyed this course very much and am happy to have completed it successfully. I want to thank you again for your encouragement and thoughtfulness."

C. F. Stephenson, Mansfield, Ohio

"Not only has the course been very helpful to me, but I have derived much benefit from the magazine 'Credit and Financial Management' and Mr. Heimann's letter. . . . Please accept my sincere thanks for the help you have given me in this course. . . . Thank you very much for your comments on my form letters. They were helpful in making up a new set for actual use."

Charles Regensburg, New York, N. Y.

"It was time well spent, I feel, and have already found the knowledge gleaned of real service and value. . . ."

M. N. Gilbert, Standard Oil Co., Huron, S. D.

"There is certainly a great deal to be learned from the course in Credits and Collections and I will not hesitate to recommend it to any whom I can interest in this work. I feel that I have been well repaid for the time and effort and expense devoted to it. . . ."

"I assure you that I have appreciated the help you have given me in this work and value the comments received in your letters and have kept each of your letters for future reference."

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Contents for May 1943

| | | |
|--|------------------------------|-------|
| Hidden Diamonds (Editorial) | Henry H. Heimann | 2 |
| Business After the War | Arthur R. Upgren | 4 |
| Reduce the Shock of Economic Loss | J. Dillard Hall | 7 |
| Credit Men Seeking More Information | | 9 |
| Decline in Number of Bankruptcies | | 12 |
| The Psychology of Credit Letters | Helen M. Sommers | 15 |
| Host City for War Credit Congress | | 19 |
| Programs for Industry Sessions at War Congress | O. E. Dede | 21 |
| Supreme Court Rules on Assignments | W. Randolph Montgomery | 24 |
| Calendar of Corporation Reports and Taxes | | 30 |
| News About Credit Matters | | 33-38 |
| Business Thermometer | | 39-40 |

A Survey of Trends in Manufacturers' and Wholesalers' Activities

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Hidden Diamonds

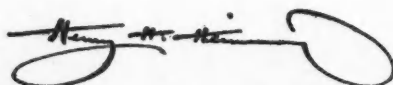
C One of the most valuable diamonds known to history was found in a dump-heap. This story has often been told, and rightly so, for the moral it points is important. It seems more pertinent, however, to raise a question that is rarely asked: How did such a valuable diamond reach a dump-heap?

With all due credit to the man who salvaged the stone, who recognized its quality although it was in-the-rough, one wonders what the inspectors were doing in that mine. And how about the miner whose sweat and brawn dug out the stone—and who then passed it by as so much useless rock!

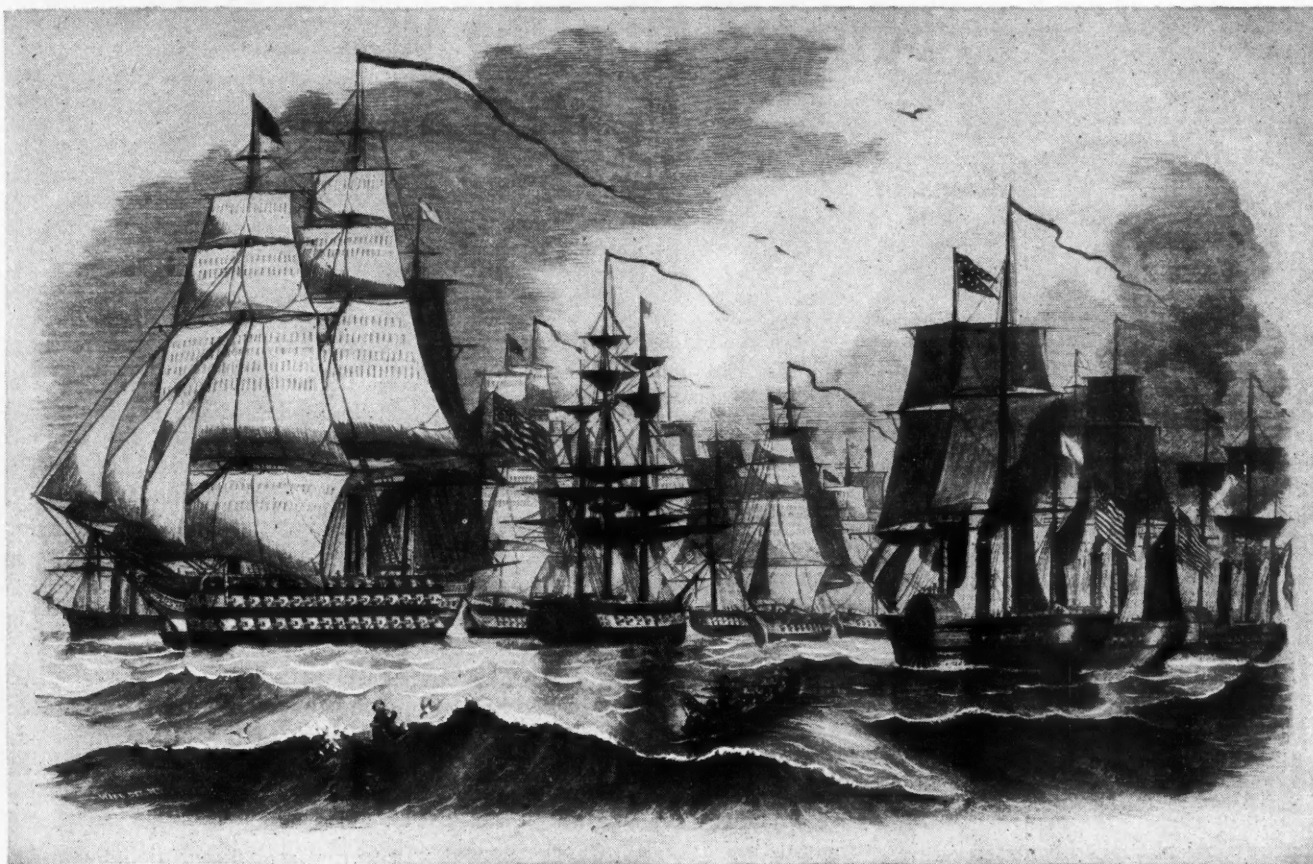
Let us not profess too much amazement, however. There are many “diamonds” in the ledgers of this nation’s business firms. Some of them are long overlooked. They are the slow-pay, the difficult accounts. Have you had yours inspected for “hidden diamonds”? Or are you content to let them be consigned to the dump-heap of lost accounts?

The conscientious credit executive recognizes early the value obtainable from the difficult account. He is quick to call for the aid of an expert in appraisal and recovery. Years ago, he and his fellows organized non-profit facilities for exactly this task as part of their member-owned, member-controlled professional organization. These facilities exist in key cities throughout the country. They are the NACM Collection Bureaus—operated by trained personnel in the interest of better returns and retention of customer good-will.

Call on your NACM Collection Bureau today. Let its staff aid you in thawing the slow-pay accounts. Frozen dollars pay no dividends!



Henry H. Heimann



Princeton Vermont Alleghany St. Mary's Macedonian Vandalia Plymouth Saratoga Mississippi (Flag Ship) Susquehanna Powhatan

Let's go back in '43

Just ninety years ago Commodore Perry, on behalf of our government, welcomed Japan into the society of nations. America thus struck the bonds of feudalism from a nation which has repaid that act of decency with ruthless hatred; which through the following nine decades has single-mindedly plotted the destruction of its benefactors; and which, on "a day that will live in infamy," committed its ultimate act of supreme treachery.

Now let's go back to Japan—with the only kind of message these "people" understand. Let's go back with our warships—yes and planes and bombs as well—to imprint a lesson on the Japanese mind, and on that of the other Axis would-be conquerors of free men, that they will not forget in the lifetimes of their great-grandchildren—and ours.

To help attain that most desirable end, The Home Insurance Company, having been founded in the same year as Commodore Perry's expedition, is celebrating this year its Ninetieth Anniversary by making the following additional modest contribution to the Second War

Loan Drive and succeeding War Loans from April 13th, our anniversary date, to the end of this year:

All new gross premiums collected on fire and other policies that the Company writes in the period April 13th-December 31st will be invested in War Loan Bonds. These purchases will be OVER and ABOVE the normal government bond purchases which the Company will continue to make.

With the weapons of victory that only continuous War Bond buying by all of us makes possible —

Let's Go Back in '43!



☆ **THE HOME** ☆
Insurance Company
NEW YORK
FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

Ninetieth Anniversary Year

Business After the War

Billions in Deferred Demand Await V-Day

There can be little question but that the most striking development of the wartime period is the steady and rapid rise in the national income of the people of the United States. From a level slightly in excess of 70 billion dollars in 1939 the national income increased to 76 billion dollars in 1940, to 95 billion dollars in 1941, and to more than 119 billion dollars in 1942. Further increases can be confidently expected, and in fact, Secretary Jones of the Department of Commerce recently estimated the national income for 1943 at 140 billion dollars.

This is one of the central facts in the wartime changes in our economy. Our government has work for everyone able to contribute in the war program. It will find the means to pay for its expenditures. Its payments make incomes high.

Through the year 1941 consumers were reasonably free to spend their new higher incomes in the purchase of consumer goods. Since 1941, however, although incomes have been rising, expenditures of consumers for many kinds of goods have been falling. It now appears that in the present year, 1943, because of widespread shortages of goods, consumers' expenditures in almost all important lines will be greatly decreased.

Big Increase in Savings

THIS situation is reflected and has its complement in the growth of total savings of the people of the United States. These increased in 1942 to a level of no less than 26 billion dollars from 12 billion dollars in 1941, and from only 7 billion dollars in 1940. It is, of course, to be hoped that a majority of consumers' savings will be invested in government securities in order that inflation may be checked.

As a result of these changes, private residential housing is almost non-

By **ARTHUR R. UPGREN**
Vice President and Economist
Federal Reserve Bank of Minneapolis

existent except for defense workers. Expenditures of consumers for all kinds of durable goods—automobiles, electric refrigerators, household appliances, in fact, of anything made of the new precious metals—will have been reduced by probably three-fourths from the annual level before Pearl Harbor. Many other kinds of expenditures of both consumers and businesses as well are being drastically reduced. In fact, civilian industries may not even be able to spend their depreciation allowance for plant and equipment to make good the wear and tear of wartime years. The importance of even just these replacement expenditures is indicated in the fact that American industries' annual total depreciation charges are more than 5 billion dollars.

Significance of Wartime Changes

THERE exists an increasingly wide realization that an immense amount of deferred demand will have been accumulated during the years of the war. In a recent article (*Harvard Business Review*, Autumn, 1942) Professor Sumner H. Slichter estimated the amounts of deferred demand that would be accumulated by June 30, 1944. These are given in Table 1.

Table 1

| Estimated Deferred Demands for Goods That Will Be Accumulated in the United States by June 30, 1944 | |
|---|---------------|
| Deferred demand for housing. | \$3.7 billion |
| Deferred demand for consumers' durable goods | 8.7 billion |
| Private business construction and equipment deferred demand | 5.2 billion |
| Deferred private maintenance. | 2.0 billion |
| Deferred demand for consumers' semi-durable goods. | 3.0 billion |
| Deferred public works..... | 2.7 billion |
| Deferred public maintenance.. | 0.6 billion |

Total Estimated Deferred Demand at June 30, 1944..\$25.9 billion

Not only will these huge amounts of needs be accumulated during the war, but the public simultaneously is accumulating buying power that, in light of the "potential" but never realized deferred demand of the 1930's can make this huge wartime forced deferred demand into effective market demand when the war is ended. In a recent speech (*New York Times*, January 15, 1943) David C. Prince, Vice President of General Electric Company, cited figures indicating that a backlog of buying power of 32 billion dollars would be accumulated by consumers by the end of 1943. In the depression years of the 1930's, in contrast, consumer debts were high and consumers' savings low, accompanied by huge losses in consumers' capital resources. In the present wartime period, however, consumers are sharply increasing their savings, their investments, their bank deposits, and substantially reducing their debts.

High Incomes After the War

RELIANCE for a high level for business after the war by no means is to be placed wholly upon accumulations of deferred demand even though they may be fully backed by increased savings and prepared for by debt retirement. An even more significant factor is that the national income will be high throughout the years of the war. If reasonably high level incomes can be maintained after the war, the buying power such current incomes can generate will prove to be the greatest source of support for business. In addition, the combination of a high level national income and accumulated financial resources gives excellent promise that business activity itself will be enough to offer strong assurance of maintaining the high level for the national income that was at first assumed merely to find out what its results can be and as they are next reviewed.

In 1941 when the national income was about 95 billion dollars, total purchases of consumers' and producers' goods for private account were at their maximum in recent years. Since 1941, as has been indicated above, the national income has further increased substantially to a level of about 115 billion dollars. We have reasonably adequate figures as to the quantities of goods the American people purchased in 1941 with the incomes they then enjoyed. Can we obtain an idea of what they would buy if they were free to dispose of a higher income than they have ever had to spend in the past?

Consumer Wants Based on Higher Income

IN Table 2 a comparison is made of the amounts of various classes of goods that were actually purchased in 1941 with the amounts that would be purchased if a larger income of 115 billion dollars could be freely spent for consumers' goods. A simple way of stating how such expenditures would be made as to various classes of goods, in view of the fact the American people have not been free to purchase with such higher incomes, is the assumption that the American people do follow the practice of "keeping up with the Joneses." By this is meant that with a higher national income a larger number of people enjoy incomes, for example, ranging from \$2000 to \$2500 and a smaller number enjoy incomes from \$1500 to \$2000. The directions in which the larger number of people would spend their higher incomes is based upon the belief that as the one group moves into the higher income class of the other group their outlays for goods and services take the budget pattern of the latter group. Since budgets are known in advance by inquiry into the expenditures of all income groups we can determine the new totals for consumers' expenditures based upon their higher level incomes. In Table 2 it is the increased expenditures that are indicated in comparison with the outlays of consumers in 1941.

Picture of Increased Market

THE foregoing total figures are not to be reconciled directly with the national income for the reason that the amounts given above are not given on a basis comparable with figures for the national income. This is

Table 2. Estimated Annual Consumer Expenditures in 1941 and Projected Postwar Expenditures Assumed a National Income of about \$115,000,000,000

| | Estimated Consumer Expenditures in 1941 (In millions of dollars) | Projected Postwar Expenditures of Consumers (Based on a National Income of about \$115,000,000,000) (In millions of dollars) |
|---|---|---|
| Consumers' Expenditures for: | | |
| Manufactured foods and like products..... | \$17,500 | \$22,000 |
| All other nondurable commodities..... | 16,500 | 18,000 |
| Total nondurable goods | \$34,000 | \$40,000 |
| Clothing and accessories, including shoes..... | 8,500 | 10,000 |
| All other semi-durable commodities..... | 3,000 | 4,000 |
| Total expenditures for all services (health, education, recreation, etc.) | 20,000 | 30,000 |
| Consumers' durable commodities | 10,500 | 14,500 |
| Residential construction | 3,500 | 6,000 |
| Total consumers' outlays | \$79,500 | \$104,000 |

owing to the fact that the net national income is always calculated after deduction for various items; i.e., it is a net figure, including particularly, for example, that part of output which is required to make good depreciation of durable goods. The economy produces some goods for consumers' replacements and they are a part of total production, of total consumers' takings, but they are not a part of the net national income.

Consumer expenditures, as listed above by classes for 1941, therefore embrace quantities taken both for replacement and for ordinary consumption. However, since the same basis has been used in the estimates for consumer demands in the postwar year, the comparison is appropriate to show amounts and directions of the increases in outlays consumers would make when they again will be free to dispose of their incomes in accordance with their free choices. The higher level of national income would result in a total enlargement of consumer takings of 25 billion dollars.

These estimates are given not as forecasts but as a way of approach to the problem of the markets business may expect after the war, and as a way of inquiring into the problems of financing business that will come to the fore when war production is to cease. Business itself, on its own superior knowledge, will make its final estimations by individual companies and individual products. When this is done more reliable figures will be available for the financial advance budgeting that is needed. It is this kind of planning that is needed and that will be approved by everyone.

Outlook for Post-War National Income

THE question, of course, that is in the mind of every credit man and retailer is what is the outlook for business activity and national income after the war. Will the tremendous debt that the nation has built up eat into the postwar prosperity, and will business customers have adequate incomes to assure a large market and be good credit risks?

The question of how well our government can manage its debt after the war can most simply be put in terms of a single question: Can we maintain a high national income after the war?

If the answer to this question is "Yes" there certainly is no reason why our government cannot take care of interest and even achieve some retirement of the debt that will be outstanding when the war ends.

In the first place, there is certainly one kernel of truth in the statement that a national debt differs from a corporate or individual debt. The difference is that whatever we tax our people to pay interest on debt, that interest is paid to our people and becomes income to all who receive it.

Consequently, if the income of our people can be maintained at a high level there should be no unsolvable problem in seeing to it that the government takes in enough money to pay interest on the debt. The problem is one of collecting taxes from us all and dispersing interest to us all. Unlike a debt owed abroad, we as a nation do not lose anything when we collect taxes to pay interest that is returned at once to our people. But, if the income of our people de-

clines substantially, the taxes will not yield enough and it will be difficult to increase them.

The National Income in 1943

FOR 1943 Secretary Jones of the Department of Commerce has estimated the total national income at \$135 billion. Last year the figure was slightly above \$115 billion. Somewhere between these two figures, perhaps we may accept a figure of \$120 billion, lies that income which would represent reasonably full activity and reasonably full employment. No doubt we shall produce more than that during the war but boys will be employed in producing it, who, after the war, should return to schools, men above sixty-five will be employed who will naturally wish to retire, many women will be employed who will not wish employment after the war, and we shall probably return to a shorter work week.

It has been estimated that by the end of the present year the American people will have accumulated no less than \$32 billion of wartime savings or financial reserves which they will want to use for the purchase of civilian goods when they are again available. It has also been estimated that by about the end of the present year no less than \$26 billion of deferred demands will have accumulated—representing goods our people have been quite prepared to pay for but which have not been available to them. It is interesting indeed that current financial accumulations and debt repayment have proceeded at such a rapid rate as to keep the ability of our people to buy so very high.

A Rush of Buying After V.-Day

IT is a curious fact that when the end of the war comes, even though there might be substantial postarmistice unemployment, there is every prospect that ability to buy currently will heavily outrun the immediate ability of industry to produce the goods that will be wanted. Thus on balance, the economy would be stimulated and there is far wider agreement that some of the wartime controls—such as price and inventory controls—must be temporarily continued to prevent an undue postwar boom.

Moreover, governments do not at once end wartime expenditures with the cessation of hostilities. Rather

How to Win the Peace Through Post-War Planning Now

**This Is One of the Problems Faced by Industry That
Will Receive Wide Attention in the Discussions on
the Main Program and in the Group Sessions at the**

WAR CREDIT CONGRESS

St. Louis

May 25-26-27

wartime expenditures tend to continue for a period of time, thus sustaining the national income levels while civilian industries are taking hold again and, through their payrolls and payments for raw materials, are building up the share of the income that is secured by civilian production.

After the war, as has been pointed out, taxes can be substantially reduced. That, too, is most stimulating. It is highly significant that there is wide agreement among all shades of opinion that the first correction in our tax structure should come in corporate taxes. Reductions in corporate tax rates can be very stimulating to business.

Technological Improvement

ANOTHER very favorable factor is that technological improvement during the war is extremely great because the cost of all of it is charged off as a war expense. These technological improvements may be expected to burst forth on the economy after the war, and there will then have been a heavy accumulation of them. These technological improvements leads to new industries which require their own investment which thereby contributes to total activity.

On the side of debts, there has been and is continuing heavy debt retirement by our people. The Department of Commerce has estimated that con-

sumer instalment debts—to name but one important class—will have been reduced from almost \$11 billion at the time of Pearl Harbor to less than \$4 billion by the end of the present year.

Thus, those consumers who do not accumulate financial reserves during the war will have a debt-free position to again buy on the instalment plan. That plan of finance after this war will be a tried and tested institution rather than in embryo as was the case after the last war.

Need for Price Control

THESE are some of the factors that specifically are the basis for a prospect for a high, not a low, national income after the war. To be sure, they depend fundamentally upon one crucial factor. That is, that we shall succeed in holding prices at a reasonable level throughout the war period. If that is done, the outlook will indeed be most favorable after the war, because the favorable forces need not spend themselves in price skyrocketing as they did last time, but rather can exert their most powerful influence to an outburst in production that should permit the United States to achieve levels heretofore unknown, and levels that will keep the tax base high, therefore, the tax yield high—all to maintain unimpaired the highest integrity any debt ever had—the debt of our government.

Reduce the Shock of Economic Loss

Fidelity Losses of Special Importance in War Period



One of the primary functions of both credit management and insurance is to reduce the shock of economic loss. Actually the job is to prevent loss, but it is virtually impossible to operate a business of any size without some losses occurring. Therefore, it is up to credit men to keep them as low as possible.

There are many causes of loss, and also many types of prevention. Unfortunately, the preventive means are frequently realized after losses have occurred. In such cases, the idea that "experience is the best teacher" offers little consolation. This is especially true if the firm is one of the more than seven per cent of American businesses forced out of business annually by dishonest employees. The figure is based on estimates published by the American Institute of Accountants—this organization says that at least seven per cent of all mercantile failures are caused by fidelity losses.

Dishonest employees—yes, there are thousands of them in the United States. They are in practically every type of position and in all kinds of business organizations; not to mention those holding public jobs. The fact that there are so many dishonest men and women in this country is disturbing enough, but the situation would not be nearly so bad if there were some way of classifying and detecting embezzlers.

No Way to Spot Dishonesty

CLAIM records and case histories of hundreds of embezzlers show that there is absolutely no way to "spot" a dishonest employee or one who is likely to be dishonest. Consequently, it seems logical to assume that every employee is a "potential embezzler." Such an assumption does not mean that Miss or Mr. Average Employee are going to steal money from the company, but it does provide a safeguard in case they do decide to

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Asst. Agency Director, U.S.F.&G.
and Vice Chairman—Insurance Group
of the National Association of
Credit Men

help themselves to some of the employer's funds.

If an employer accepts the assumption that every employee is a "potential embezzler," there is one very simple precaution he can take—purchase a blanket fidelity bond. These bonds have been designed by insurance companies to give protection against dishonesty. They cover every employee from the company's highest executive through the entire personnel to the elevator operator and janitor. Not only do these bonds indemnify the business concern for losses, but they also provide for investigations, and prosecution of guilty persons when this is thought advisable. In addition, the blanket fidelity bond pays for losses which occur, but which can not be actually traced to a single employee or a group of employees. The coverage is broad and continuity of protection is given when the bonds are renewed from year to year.

It is not necessary to purchase the same fidelity protection for all employees. Naturally, some are in more advantageous positions to steal than others. For this reason, it is possible to obtain excess coverage on persons in responsible positions, while only a minimum of protection is needed for other employees.

Why Blanket Bonds

WHY take out fidelity protection for top executives or partners; or for persons who never come in contact with funds? This sounds like a logical question. To answer it, let's look at some actual claims in the files of the United States Fidelity and Guaranty Company.

This is the story of a vice-president

of a supply company in Louisiana. He was fifty-eight years old, had a wife and one child. In addition to his position with the supply company, he was the operator of a small airplane line on the side. He purchased a handsome home to live in, and another large house in his wife's name. When things didn't go well with the airplane company, he began to finance his personal affairs with funds belonging to the supply company. This was not extremely difficult, as he acted on financial matters, and the president of the company was his closest friend. Finally, his borrowings caught up with him. Rather than face embezzlement charges he committed suicide. The loss amounted to \$23,000.

Another case is that of an employee of a large manufacturing concern. He had worked for the company twenty-two years, and for a good bit of that time had served as manager of a branch office. He was regarded so highly by other officials of the company that he was offered a high executive post in the home office. He refused this offer. The reason came out later when he died, as a stock shortage valued at \$4,699.83 was discovered. He had disposed of the concern's property in order to finance some of his personal gambling activities.

This Man Stole Parts

AS to the "why" about minor employees who handle no funds, the claim with respect to a supply clerk who worked for a large electrical supply company, offers a typical answer. This man had worked for his employer seventeen years. He was forty years of age. In carrying out his duties, he had no occasion to even see any money belonging to the company. However, many of the machine parts in his stock contained platinum. A friend who operated a garage told

the stock clerk that these machine parts could be turned into cash. He began taking them, and his friend marketed them. When the thefts were discovered, more than \$23,500 in tools and machine parts had been stolen.

Naturally, not all embezzlers are able to get away with large sums. However, these are not exceptional cases. There is no way to determine exactly what amount is lost annually through the activities of dishonest employees. The reason for this is that comparatively few of these losses are covered by fidelity bonds, and employers who have neglected the opportunity to protect themselves do not want it to be known. This is only natural, as no one wants to have his mistakes flaunted before him. From what is known, though, estimates on the amount lost through dishonest employees have been made by reliable organizations. One of the most conservative of these states that employee defalcations in the United States annually exceed losses through fire. Yet, actual statistics show that the protection against infidelity is in no way comparable to the amount of fire insurance carried by American business interests.

Every one realizes that profits are only potential until they are actually realized. No matter how great the profit appears on paper, it cannot be used to pay dividends until after it has been credited to the accounts of a firm. If, while profits are coming in the front door, losses are leaking out via the employee's exit, no real benefits from the operations of a business can accrue. For example:

This One Sold Company's Goods

A NEW YORK produce company, operating on a normal margin of profit, found that stocks were disappearing regularly. Detectives were called in, but they were unable to discover where the stocks were going. Finally some employees divulged the fact that a shipping clerk who had been with the firm for eight years had devised a system which seemed almost foolproof. This man was forty-one years old and had a family of three children. Through his system, he had managed to privately market \$34,500 worth of his employer's stocks during the course of his employ.

Or take the case of a large manufacturing company which suffered ac-

tual money losses. The losses appeared on the books, but the officials were not able to explain them. Then an investigation showed that the \$26,688.21 had been embezzled by the man who had been entrusted with the safeguarding of the company's money. The credit manager, who also acted as assistant treasurer had taken them and distributed the money among the leading night spots of the city.

When expenditures such as these take place, no matter what profits are accruing on paper, the companies cannot pay dividends.

As stated before, there is no known way to determine or detect a person who will develop into an embezzler. Several years ago, a study of the claim histories of more than a thousand embezzlers was made in an effort to classify these people. Only a few general conclusions can be drawn from this study, and these aren't very helpful to credit or personnel managers. Embezzlers vary in age from their teens to their eighties; however, the majority of men who embezzle are in their mid forties, and women in their early thirties.

White-Collar Workers Head List

MOST embezzlers are white collar workers in the lower, but not the lowest, income groups—\$175 per month seems to be the average income for male employees and \$130 for women. Most of the people who take money from their employers have had clean records for many years, and in the majority of cases they have been employees of the firm from which they steal for several years before they first dip into the company's funds. The reasons for embezzling are extremely varied, but gambling, living beyond their means, and poor business management are responsible in the greatest number of instances. In virtually all cases, when the dishonest employees are apprehended, they no longer have the funds they stole. A very small proportion of all embezzlers abscond or commit suicide.

To illustrate the non-uniformity of embezzlers, here are three cases which are typical, yet they are not at all similar.

The first case is that of a man; twenty-six years of age. He worked for a Pennsylvania wholesale concern at a salary of \$30 a week. In order to make a good impression on

a girl he was courting, he told her that he earned \$65 a week, and then he proceeded to live according to that scale. Before he had finished impressing the young lady, he had spent \$7,134.42 of his employer's money.

Next is the story of an employee of a Canadian wholesale company. This man was thirty-six years old, married, and had three children. He had worked for the company nine years as a bookkeeper. When he heard that the owners of the company were going to sell out to another concern, he became panicky about his position. He felt sure that he would lose his job, and as he had not done any other type of work for some time, he feared an interval of unemployment. To tide himself and his family over this period of idleness, he took \$2,183.29. For a time, he carried this money around with him, and then in some way he lost it. He was one embezzler who reaped no benefits at all from his dishonesty.

Stole to Pay for Wife's Illness

NOW let's look at the claim of a forty-four year old bookkeeper for a manufacturing concern in Massachusetts. He had worked at his job five years and earned \$120 a month. He had a wife and several children and managed to get along on his income very well until his real troubles began. His wife had to be operated on for cancer, and the children had a siege of sickness. He wasn't able to pay the hospital and doctor's bills from his income, so he confiscated \$2,011.98 of his firm's to help get him back on a "pay-as-you-go" system.

One other general statement can be made about embezzlers. Usually men take money for selfish purposes, and benefit from their dishonesty in some manner; but in the great majority of cases, women embezzlers commit their defalcations for the benefit of others and do not profit or experience any tangible satisfaction from their actions. Just the same, this is of little help to the employer or firm from which funds are taken.

When losses occur, profits are reduced—erased in many cases. If there are no profits, a concern can not remain in business for any length of time. Consequently, it is vital for every business to provide protection against unnecessary losses.

(Continued on page 20)

Credit Men Seeking More Information from Financial Statements

Changing conditions in the merchandising field have created a number of new credit problems and have given many of the old tests of credit added meaning. And this in turn has resulted in certain changes in the viewpoint and practices of credit managers of wholesale merchandising houses that deal primarily with retailers in determining credit risks.

Smaller inventories and consequently more liquid financial condition of retail merchants in some lines—extension of the amount of credit sought by retailers—shortening of time of credit in certain fields—the entrance of new retail merchants on the scene—uncertainty as to future management of retail business as a consequence of induction into military service—current trends of business that may be favorably or unfavorably affecting credit status—increase of Federal, State and local taxation—and risk of damage or loss from enemy attack or military action—so runs a partial list of developments affecting credit conditions that have come in the wake of the entrance of the United States into the global war now on.

Pledged Inventories Now a Factor

ALSO, though not to be listed as a result of the war, the rise of the trust receipt which has attained sizable proportions as a factor that may affect the credit status of retail merchants is to be counted among more recent developments.

One of the prime consequences of these developments has been a more intensive and more extensive effort on the part of credit managers of wholesale establishments to ascertain certain details, some of which may be new and others of which may in the past have been somewhat neglected, and so to fill in a background of credit status that will be more determinative.

The main sources of information as to the credit status of retailer customers open to credit managers of wholesale houses are financial statements independently prepared by the retailer, reports by salesmen in the field based on personal observation and inquiry, reports by commercial agencies, reports by local banks and reports obtained from other wholesalers dealing with the retailer. When properly prepared, the financial statement obtained directly from the retailer is the most satisfactory.

More Ask for Financial Statements

CREDIT managers of wholesale houses generally report that financial statements from retail merchants are more sought in the present time than in the past. And they attribute this increase in the demand for and use of financial statements directly to changes in credit conditions brought on by the war.

R. A. Martire, Credit Manager of McKesson & Robbins, Inc., wholesale drugs, 155 East 44th Street, New York City, in a recent interview, reported a current increase in the use of financial statements in dealing with retail merchants. He stated that this is largely due to new customers, some of whom are newcomers in the retail trade, and to changes in business trends resultant from the war.

Mr. Martire's statement relative to newcomers in the retail trade was made with special reference to the entrance of numbers of refugees into business and the rise of new merchandising establishments in the recently developed centers of war activity.

Many New Customers Covered

NEW customers, including established retailers and newcomers in the trade, he said, are especially subject to investigation. And, when sizable amounts of credit are involved, such investigation can best be made

by obtaining answers to the queries generally carried in standard prepared forms. And it developed in the course of the interview that the McKesson & Robbins Company uses the forms put out by the National Association of Credit Men.

As to changes in business trends—in dealing with new customers who are established in the trade—Mr. Martire explained that the periods of time covered by the queries in financial statement forms may be extended sufficiently to obtain a more satisfactory picture of this credit-affecting factor of business. In some instances, extension of the period covered to three years may be advisable.

What of Draft Status

MR. MARTIRE finds that a question directed to the age or draft status of the managing heads of retail establishments in some cases proves helpful. He explained that the character and ability of heads of retail business are a factor of appreciable weight in determining credit status and, therefore, the possibility of change in management resultant from induction into military service is to be counted a pertinent matter of inquiry.

As to fire insurance carried by retail merchants—including information sought relative to the insuring Companies and the amounts of insurance—this credit manager asks for explanation when the amount of insurance falls below the value of the stock. And he adds a query as to the expiration date of policies. In certain cases, he reports, independent investigation of fire risk may be found advisable. This especially applies to retail business located in areas where fire insurance may be limited or wholly unavailable.

Better Bookkeeping Expected

MR. MARTIRE expects current income tax and other tax requirements to result in more complete

FINANCIAL STATEMENT OF



Kind of Business _____ Address _____

At Close of Business on _____ 194 _____

ISSUED TO _____

(THIS FORM APPROVED AND PUBLISHED BY THE NATIONAL ASSOCIATION OF CREDIT MEN)

For the purpose of obtaining merchandise from you on credit, or for the extension of credit, we make the following statement in writing, intending that you should rely thereon respecting our exact financial condition.

(PLEASE ANSWER ALL QUESTIONS. WHEN NO FIGURES ARE INSERTED, WRITE WORD "NONE")

| ASSETS | | Dollars | Cents | LIABILITIES | | Dollars | Cents |
|--|--|---------|-------|---|--|---------|-------|
| Cash (Total) | | | | Accounts Payable (for Merchandise) | | | |
| (In Bank \$ _____) | | | | Notes & Acceptances Payable for Merchandise | | | |
| Accounts Receivable | | | | Owe to _____ Bank | | | |
| (Amt. 60 Days Past Due \$ _____) | | | | (When Due _____ Secured) (Unsecured) | | | |
| (Amt. Sold or Pledged \$ _____) | | | | Income Taxes, Accrued | | | |
| Notes and Trade Acceptances Receivable | | | | Other Taxes, Including Sales Taxes, Accrued | | | |
| (Amt. Sold or Pledged \$ _____) | | | | Interest, Accrued | | | |
| Merchandise Inventory, Not on Consignment or | | | | Rental, Payroll, etc., Accrued | | | |
| Conditional Sale, at Cost or Market which- | | | | Payables to Partners, Relatives | | | |
| ever is lower | | | | Other Current Liabilities (Describe) | | | |
| (Amount Pledged \$ _____) | | | | | | | |
| Other Current Assets (Describe) | | | | | | | |
| | | | | | | | |
| TOTAL CURRENT ASSETS | | | | TOTAL CURRENT LIABILITIES | | | |
| Land and Buildings (Depreciated Value) | | | | Mortgage on Land and Buildings | | | |
| Machinery, Fixtures and Equipment (Depreciated | | | | Chattel Mortgage on Mch. or Equipment | | | |
| Value) | | | | Lien on Mch. or Equipment | | | |
| Due from Officers or Non-Customers | | | | Other Liabilities, No Current (Describe) | | | |
| Other Assets (Describe) | | | | | | | |
| | | | | TOTAL LIABILITIES | | | |
| TOTAL ASSETS | | | | Net Worth or { Capital \$ _____ | | | |
| | | | | { Surplus \$ _____ | | | |
| | | | | TOTAL NET WORTH AND LIABILITIES | | | |

STATEMENT OF SURPLUS (or of NET WORTH if not Incorporated)

| | |
|--|----------|
| Surplus (or Net Worth at beginning of period) dated _____ 194 _____ | \$ _____ |
| Add Profit for Period \$ _____ plus Adjustments \$ _____ | \$ _____ |
| Deduct Loss for Period \$ _____ plus Dividends (or Withdrawals, if not Incorporated) | \$ _____ |
| plus Adjustments \$ _____ | \$ _____ |
| TOTAL | \$ _____ |
| SURPLUS (or NET WORTH) in Statement Above | \$ _____ |

STATEMENT OF PROFIT AND LOSS FOR PERIOD FROM _____ TO _____

| Not Sales for Period | | DETAILS OF EXPENSE OF OPERATIONS | |
|---------------------------|--|---|--|
| (Cash \$ _____) | | Salaries, Owners | |
| (Credit \$ _____) | | Employees | |
| TOTAL SALES FOR PERIOD | | Rent, Heat, Light | |
| Inventory at Start | | Advertising | |
| of Period | | Delivery | |
| Purchases for Period | | Insurance | |
| Less Inventory at | | Income Taxes, Accrued | |
| Close of Period | | Other Taxes, Including Sales Taxes, Accrued | |
| (Deduct) COST OF SALES | | Depreciation (Fixtures, Trucks, etc.) | |
| GROSS PROFIT | | Miscellaneous (Other Operating Expense) | |
| Less Expense of Operation | | TOTAL OPERATING EXPENSE | |
| NET PROFIT | | If Incorporated, Amount of Dividends Paid | |

| | | |
|---|--|---------------------------------------|
| Amount you are liable for as endorser, guarantor, surety \$ _____ | What books of Account do you keep? | INSURANCE CARRIED |
| Amount of merchandise held on consignment \$ _____ | Date of latest inventory _____ | Fire |
| Amount of machinery or equipment held under lease \$ _____ | Date of latest audit _____ | Merchandise \$ _____ |
| Amount of machinery or equipment under conditional sale \$ _____ | Title to business premises is in name of _____ | Furn. & Fixt. \$ _____ |
| Amount you pay per month on lease or conditional sale contract \$ _____ | If premises leased state annual rental _____ | Building \$ _____ |
| | Name of your bank(s) _____ | Extended Coverage \$ _____ |
| | | U & O \$ _____ |
| | | Liability |
| | | General \$ _____ |
| | | Auto & Truck \$ _____ |
| | | Life for Benefit of Business \$ _____ |

The statement above and the back of this form has been carefully read by the undersigned (both the printed and written matter), and is, to my knowledge, in all respects complete, accurate and truthful. It discloses to you the true state of my (our) financial condition on the _____ day of _____ 194 _____. Since that time there has been no material unfavorable change in my (our) financial condition, and if any such change takes place I (we) will give you notice. Until such notice is given, you are to regard this as a continuing statement. The figures submitted are not estimated. They have been taken from my (our) books and physical inventory taken as on date shown.

| | |
|-------------------------------------|------------------------------------|
| Name of Individual or Firm _____ | Previous business experience _____ |
| If Partnership, Name Partners _____ | Where _____ |
| " Corporation, " Officers _____ | City _____ State _____ |
| How long established _____ | Date of Signing Statement _____ |
| | Street _____ |
| | City _____ State _____ |
| | Witness _____ |
| | Residence Address _____ |
| | of Witness _____ |
| | Signed by _____ |
| | Title _____ |

A reduced reproduction of one of the new Financial Statement Forms issued by the National Association of Credit Men. Note new questions in Assets and Liabilities sections.

records being kept by drugstores and other retail establishments. And this will facilitate the "filling out" of financial statement forms and increase their accuracy.

E. V. Barrett, Credit Manager of the Masback Hardware Co., Inc., 326 Hudson Street, New York City, wholesale hardware, reports that priority regulations and the nation's war requirements have seriously affected the hardware wholesale trade

by cutting off production and distribution of many articles and by substantially reducing the volume of a number of supply lines. And this has considerably lessened the extent of credit problems in the hardware field.

Mr. Barrett believes in reducing financial statements to simple terms as far as is practicable and thinks that queries beyond those relating to assets and liabilities should be held to a minimum.

In a recent interview, Mr. Barrett stressed the importance of queries in financial statement forms relating to accounts receivable. "And," he argued, "such queries should be phrased to ascertain whether or not the 'receivables' are pledged." He supplemented this with the suggestion that an agreement by the retail merchant to notify the wholesaler of any subsequent pledging of receivable accounts might be added at the bottom of the financial statement with helpful effect.

In view of the rise of the trust receipt in the merchandising field, he suggests that the addition of a question directed to such transactions in financial statements might be advisable.

Asks Expiration Dates on Insurance

AS to information relative to fire insurance in financial statements, Mr. Barrett accented the importance of ascertaining the expiration date of the policies. In this connection, he pointed out that the expiration of a policy between the date when credit is extended and the date when the account is due may leave the stock of the retail merchant which is a basic factor of credit uncovered and, if a fire occurs, the security of the indebtedness may be to that extent destroyed.

In sections where fire insurance is limited, he holds with Mr. Martire, Credit Manager of McKesson & Robbins, Inc., that independent ascertainment of fire risks may be advisable in obtaining financial statements.

Mr. Barrett finds that retail merchants in the hardware field generally have considerably less stocks on their shelves and more money in hand and are in more liquid financial condition than formerly—and he points out that the disclosure of this development in financial statements has importance as a factor in the determination of the customer's credit status. He also reports that the time of credit in the retail hardware trade has been shortened by about 50%. In his opinion, this materially affects credit problems.

Checks Closely on Taxes

ARON HOCHBERG, Associate Credit Manager of S. Blechman & Sons, 555 Broadway, New York

City, wholesale notions, expressed some interesting conclusions as to financial statements in an interview a few days ago.

He finds that, when the queries in financial statement forms relating to cash include both cash in hand and cash in bank, the answers are indefinite and unsatisfactory. In such cases, he strikes out "cash on hand" and limits the question to "cash in bank."

In the course of the interview, he expressed opinion to the effect that increasingly heavy Federal, State and City taxes—income taxes, sales taxes and other taxes including withholding taxes—make up a factor of importance in consideration of the credit status of retail merchants.

Mr. Hochberg said he thought that the importance of the taxes he referred to in relation to credit warranted queries to ascertain the amounts due and unpaid and also questions directed to reserves for tax payments—and that the inclusion of such queries in financial statement forms is advisable.

War Changes are Checked

IN line with the views expressed by Mr. Martire, Credit Manager of McKesson & Robins, Inc., Mr. Hochberg thinks that information as to the age or draft status of the managing heads of retail establishments and the persons to whom the management may be turned over, if the present heads should be inducted into military service, is pertinent to credit inquiry. As emphasizing the importance of draft status relative to credit, he cited the fact that his Company's accounts with customers subject to military service are so "ear-marked."

Mr. Hochberg also views change in business trends resultant from the war as subject of inquiry in determination of credit status. And it is his opinion that ascertainment of such change in trends might be furthered by making it subject of query in obtaining financial statements.

In dealing with large accounts, he finds that independent ascertainment of fire hazards in the course of obtaining financial statements and determining credit status is sometimes called for.

Recent increase in the use of financial statements as a means of determining the credit status of retail merchants is reported by Mr. Hochberg.

He attributes this to changes in trade conditions resultant from the war in general and to larger amounts of credit sought by retailers in particular.

Incidentally, NACM forms are used by S. Blechman & Sons and by the Masback Hardware Company in obtaining financial statements.

A number of Credit Managers have stated in recent interviews that they consider it advisable to include queries as to "war risk" insurance in financial statements. This refers to insurance against loss or damage from bombings and other enemy attacks and from military action in certain classifications.

Bank Statements Compared

THE use of financial statements by the commercial departments of Banks and the use of such statements by Credit Managers of wholesale houses have the same general objective but they may differ in certain details. This is due to certain differences in the credit and the credit security dealt with.

Credit extended by Banks is generally for a longer time than that extended by wholesalers—and often it is in larger amount. The Banks may require collateral or other security in granting credit. But wholesalers generally extend credit without such security.

As a result, investigation of the financial condition of commercial houses seeking credit by Banks may be more searching than that generally made by wholesalers in dealing with retail merchants. Some of the queries in financial statements required by Banks may be more comprehensive than in statements obtained in the course of wholesale merchandising and may run along lines not included in the wholesaler's investigation.

J. Godfrey, Commercial Credit Officer of the Branch of the Chase National Bank at 40 West 34th Street, New York City, stated in a recent interview that, in obtaining financial statements from commercial houses (including merchandising and industrial concerns), queries relative to war contracts and the effect of the war on business are sometimes added.

J. Wynn, Commercial Credit Officer of the Branch of the National City Bank at 1451 Broadway, New York City, in a lately obtained interview, stressed the importance of

changes in business trends resultant from the war as a factor in determining credit status. And he stated that, in consideration of the importance of this factor, his Bank required new customers to submit complete financial statements for three years back. He said that also commercial credit customers generally are queried as to the effect of the war on business.

As to the difference between Wholesalers and Banks in the matter of financial statements, Mr. Martire, Credit Manager of McKesson & Robins, Inc., offers the opinion that the desire to sell merchandise—to get lines on the shelves in certain retail establishments—may sometimes affect the credit decision in wholesale merchandising and may move the wholesaler to take more chances in credit than would be approved by Banks.

Post-War Problems Are Discussed at Chicago Anniversary

Chicago: Present and postwar problems from the viewpoint of the manufacturer and the retailer were discussed at the annual dinner meeting of the Chicago Association of Credit Men Wednesday evening, April 21, in the Merchants and Manufacturers Club in the Merchandise Mart.

Sterling Morton of the Morton Salt Company and President of the Illinois Manufacturers Association spoke for the manufacturers and Elmer T. Stevens, President of Charles A. Stevens & Co., who has just finished a term as president of The State Street Council of Chicago, an organization of the large retailers, gave the viewpoint of the retailer.

Dr. Gerhard Schacher, the noted news commentator, author and journalist, spoke on "The Beginning of the End" giving his views as to why Hitler cannot win. Dr. Schacher is a former European economic expert and is now a professor of journalism at Northwestern University.

President G. H. Nippert, Proctor & Gamble Distributing Company, presided.

In considering plans for the Post War Period, a group of members of The Chicago Association of Credit Men listened to an address by Ralph Budd, President of the Burlington Railroad, at a dinner meeting at the Union League Club, Friday evening, March 19.

St. Louis Celebrates At Dinner-Dance

St. Louis: The annual meeting and dinner dance of the St. Louis Association was held at the Coronado Hotel on Saturday evening, May 8th. Much enthusiasm for the forthcoming War Credit Congress to be held in St. Louis on May 25th, 26th and 27th was shown at this annual meeting.

Noticeable Decline in Number of Bankruptcy Cases Filed

EN A report issued by Edwin L. Covey, Chief of the Bankruptcy Division of the Administrative Office of the United States Courts, shows a decrease of 3,561 cases pending on June 30th, 1942, as compared with the number of cases

Another section of the report shows a division of voluntary and involuntary cases referred during the fiscal year which closed on June 30th, 1942, and also the distribution of these cases according to the occupation of the debtor, shown in the No. II table.

Still another table III shows the amount of liabilities and the amount of payment to creditors by class of creditors in asset cases. Note especially that creditors only receive 18.2 per cent of the total liability presented in the 5,981 bankruptcy cases. Then,

TABLE I
Bankruptcy Cases Commenced and Terminated in the United States District Courts During the Fiscal Year Ending June 30, 1942, by Nature of Proceedings, by District

| | TOTAL | Under Sec. 75 | Under Sec. 77 | Under Sec. 77B | Under Ch. IX | Under Ch. X | Under Ch. XI | Under Ch. XII | Under Ch. XIII | Under Ch. XV | All Other |
|---------------------------|--------|---------------|---------------|----------------|--------------|-------------|--------------|---------------|----------------|--------------|-----------|
| GRAND TOTAL | | | | | | | | | | | |
| Pending 7-1-41 | 56,506 | 4,413 | 32 | 821 | 116 | 444 | 924 | 107 | 6,811 | 1 | 42,837 |
| Commenced during year | 52,109 | 1,547 | 3 | - | 43 | 183 | 520 | 52 | 4,100 | - | 45,661 |
| Amended Petitions, etc. | 480 | - | - | 9 | - | 13 | 48 | 12 | 26 | - | 372 |
| Concluded under Bkcy. Act | 50,124 | 453 | 2 | 109 | 46 | 80 | 466 | 54 | 742 | - | 48,172 |
| Dismissed, etc. | 6,026 | 827 | 2 | 63 | 3 | 95 | 263 | 55 | 927 | - | 3,791 |
| Pending 6-30-42 | 52,945 | 4,680 | 31 | 658 | 110 | 465 | 763 | 62 | 9,268 | 1 | 36,907 |

pending on the same date in 1941. Mr. Covey's report shows further that this trend toward a decrease was continued during the first quarter of the present fiscal year. There was a drop of approximately 13.6% in the number of cases filed during this first quarter of the present fiscal year, which, by the way, had the smallest number of cases filed than in any of the previous nine quarters.

The report indicates the cases commenced and terminated during the fiscal year ending June 30th in table No. I.

Those who have made a study of administrative fees and expenses will be interested in another table which indicates the proceeds realized, the administrative fees and expenses, and the amount paid to bankrupts in lieu of exemptions. The table also shows the amount paid to creditors. You will note in looking at this table that unsecured creditors obtain exactly the same percentage of proceeds realized as would secured creditors. In addition to this amount the priority creditors also obtain 12 and 12.8 per cent of the proceeds realized.

note further that the per cent of secured claims paid was only 54.8 per cent of the secured claims allowed while the unsecured claims paid was only 9.5 per cent of the unsecured claims allowed.

Table 4 presents some interesting figures showing a further breakdown of administrative expenses, in asset cases concluded during the fiscal year ended in June 20th, 1942.

In closing his report Mr. Covey calls attention to the fact that there are still a large number of unclosed cases which have been pending more

TABLE II
Voluntary and Involuntary Cases Reported During the Fiscal Year Ending June 30, 1942, by Chapters of the Bankruptcy Act

| CIRCUIT AND DISTRICT | TOTAL | VOLUNTARY | | | | | | | | INVOLUNTARY | | | |
|----------------------|--------|-----------|---------|----------|---------|----------|-----------|------------|--------|-------------|---------|---------|-------|
| | | Total | Sec. 75 | Chap. IX | Chap. X | Chap. XI | Chap. XII | Chap. XIII | Other | Total | Sec. 77 | Chap. X | Other |
| GRAND TOTAL | 52,109 | 50,772 | 1,547 | 43 | 144 | 520 | 52 | 4,100 | 44,366 | 1,337 | 3 | 39 | 1,295 |
| Total 94 Districts | 51,886 | 50,558 | 1,532 | 43 | 142 | 502 | 48 | 4,085 | 44,206 | 1,328 | 3 | 39 | 1,286 |
| District of Columbia | 118 | 116 | - | - | 1 | 2 | - | 10 | 103 | 2 | - | - | 2 |
| Terr. and Poss. | 105 | 98 | 15 | - | 1 | 16 | 4 | 5 | 57 | 7 | - | - | 7 |

Voluntary and Involuntary Cases Referred During the Fiscal Year Ending June 30, 1942, by Occupation of Debtor

| CIRCUIT AND DISTRICT | TOTAL | VOLUNTARY | | | | | | | | INVOLUNTARY | | | | |
|----------------------|--------|-----------|--------|---------------|-------------------|------------------------------|---------------|-------------------|--------------------------|-------------|-------------------|------------------------------|---------------|--------------------------|
| | | Total | Farmer | Em- ployee | Profes- sional | Others not in Business | Mer- chant | Manu- facturer | Others in Business | Total | Profes- sional | Others not in Business | Mer- chant | Others in Business |
| GRAND TOTAL | 52,109 | 50,772 | 2,048 | 40,180 | 576 | 2,047 | 2,736 | 308 | 2,877 | 1,337 | 5 | 24 | 650 | 459 |
| Total 94 Districts | 51,886 | 50,558 | 2,033 | 40,042 | 575 | 2,039 | 2,693 | 308 | 2,868 | 1,328 | 5 | 23 | 645 | 456 |
| District of Columbia | 118 | 116 | - | 93 | 1 | 6 | 16 | - | - | 2 | - | - | 1 | 1 |
| Terr. and Poss. | 105 | 98 | 15 | 45 | - | 2 | 27 | - | 9 | 7 | - | 1 | 4 | 2 |

than eighteen months and he argues that in view of the decrease in the number of cases being filed that ref-

erees should put forth a special effort to wind up these long standing cases.

In a part of his Annual Report to the Director of the Administrative Office of the United States Courts,

TABLE III
Administration Expenses, Total and Classified in Asset Cases Concluded Under the Bankruptcy Act in the United States District Courts During the Fiscal Year Ending June 30, 1942

| CIRCUIT AND DISTRICT | No. of Cases | Total Realization | Total Expenses | Percent of Total Realized | Receivers' Commissions | Percent of Total Realized | Receivers' Expenses | Percent of Total Realized | Trustees' Commissions | Percent of Total Realized | Referees' Fees | Percent of Total Realized | Referees' Expenses | Percent of Total Realized |
|---------------------------|--------------|-------------------|----------------|---------------------------|------------------------|---------------------------|---------------------|---------------------------|-----------------------|---------------------------|----------------|---------------------------|--------------------|---------------------------|
| GRAND TOTAL..... | 5,981 | \$33,683,237.99 | \$8,059,109.44 | 23.9 | \$286,419.21 | .9 | \$197,277.61 | .6 | \$837,195.03 | 2.5 | \$308,668.42 | .9 | \$449,185.85 | 1.3 |
| Total 84 Districts..... | 5,926 | 33,450,369.19 | 7,985,687.73 | 23.9 | 284,421.83 | .9 | 196,909.30 | .6 | 828,727.26 | 2.5 | 305,871.78 | .9 | 444,980.51 | 1.3 |
| District of Columbia..... | 32 | 92,014.39 | 35,347.97 | 38.4 | 807.92 | .9 | 116.65 | .1 | 2,936.82 | 3.2 | 939.54 | 1.0 | 1,838.65 | 2.0 |
| Terr. and Poss..... | 23 | 140,854.41 | 38,073.74 | 27.0 | 1,189.46 | .8 | 251.66 | .2 | 5,530.95 | 3.9 | 1,857.10 | 1.3 | 2,666.69 | 1.9 |

| CIRCUIT AND DISTRICT | Auctioneers' Fees | Percent of Total Realized | Appraisers' Fees | Percent of Total Realized | Attorneys' for Creditors | Percent of Total Realized | Attorneys for Trustees | Percent of Total Realized | Attorneys for Receivers | Percent of Total Realized | Attorneys for Bankrupts | Percent of Total Realized | Rental Expenses | Percent of Total Realized | Trustees and all other Expenses | Percent of Total Realized |
|---------------------------|-------------------|---------------------------|------------------|---------------------------|--------------------------|---------------------------|------------------------|---------------------------|-------------------------|---------------------------|-------------------------|---------------------------|-----------------|---------------------------|---------------------------------|---------------------------|
| GRAND TOTAL..... | \$270,194.25 | .8 | \$172,235.81 | .5 | \$233,861.40 | .7 | \$2,142,542.31 | 6.4 | \$333,654.09 | 1.0 | \$489,787.76 | 1.5 | \$354,071.98 | 1.1 | \$1,963,715.72 | 5.9 |
| Total 84 Districts..... | 265,186.19 | .8 | 170,429.81 | .5 | 228,327.52 | .7 | 2,125,588.97 | 6.4 | 333,529.09 | 1.0 | 486,988.60 | 1.5 | 349,182.00 | 1.0 | 1,963,544.87 | 5.9 |
| District of Columbia..... | 4,506.55 | 4.9 | 1,507.50 | 1.6 | 932.50 | 1.0 | 7,044.80 | 7.7 | - | - | 1,200.28 | 1.3 | 4,530.43 | 4.9 | 8,986.33 | 9.8 |
| Terr. and Poss..... | 501.51 | .4 | 298.50 | .2 | 4,601.38 | 3.3 | 9,908.54 | 7.0 | 125.00 | .1 | 1,598.88 | 1.1 | 359.55 | .3 | 9,184.52 | 6.5 |

TABLE IV
Total Proceeds Realized Showing Administrative Expenses and Amount Paid to Creditors in Asset Cases Concluded Under the Bankruptcy Act in the United States District Courts During the Fiscal Year Ending June 30, 1942

| CIRCUIT AND DISTRICT | Number of Cases | Proceeds Realized | | Administrative Fees and Expenses | | Amount Paid to Bankrupt in lieu of Exemptions | |
|-----------------------------|-----------------|-------------------|-------------|----------------------------------|------------------------------|---|------------------------------|
| | | TOTAL | Average per | Total | Percent of Proceeds Realized | Total | Percent of Proceeds Realized |
| GRAND TOTAL..... | 5,981 | \$33,683,237.99 | \$ 5,631.71 | \$8,059,109.44 | 23.9 | \$129,694.37 | .4 |
| Total 84 Districts..... | 5,926 | 33,450,369.19 | 5,644.68 | 7,985,687.73 | 23.9 | 128,594.37 | .4 |
| District of Columbia..... | 32 | 92,014.39 | 2,875.45 | 35,347.97 | 38.4 | 600.00 | .7 |
| Territories & Possessions.. | 23 | 140,854.41 | 6,124.10 | 38,073.74 | 27.0 | 500.00 | .4 |

| CIRCUIT AND DISTRICT | AMOUNT PAID TO CREDITORS | | | | | | OTHER PAYMENTS | |
|---------------------------|--------------------------|------------------------------|----------------------|------------------------------|------------------------|------------------------------|----------------|------------------------------|
| | To Priority Creditors | Percent of Proceeds Realized | To Secured Creditors | Percent of Proceeds Realized | To Unsecured Creditors | Percent of Proceeds Realized | Total | Percent of Proceeds Realized |
| GRAND TOTAL..... | \$4,323,661.81 | 12.8 | \$9,995,778.02 | 29.7 | \$9,989,774.59 | 29.7 | \$1,185,219.76 | 3.5 |
| Total 84 Districts..... | 4,283,071.81 | 12.8 | 9,920,629.27 | 29.7 | 9,949,004.77 | 29.7 | 1,183,381.24 | 3.5 |
| District of Columbia..... | 14,669.04 | 15.9 | 24,300.46 | 26.4 | 16,003.28 | 17.4 | 1,093.64 | 1.2 |
| Terr. and Poss..... | 25,920.96 | 18.4 | 50,848.29 | 36.1 | 24,766.54 | 17.6 | 744.88 | .5 |

TABLE V
Amount of Liabilities and Amount of Payments to Creditors by Class of Creditors in Asset Cases Concluded Under the Bankruptcy Act in the United States District Courts During the Fiscal Year Ending June 30, 1942

| CIRCUIT AND DISTRICT | Number of Cases | Total | Total Payment to Creditors | Percent of Liabilities Paid | Priority Claims Allowed | Payments to Priority Creditors | Percent of Priority Claims Paid |
|---------------------------|-----------------|------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|---------------------------------|
| GRAND TOTAL..... | 5,981 | \$133,592,989.50 | \$24,309,214.42 | 18.2 | \$10,152,993.16 | \$4,323,661.81 | 42.6 |
| Total 84 Districts..... | 5,926 | 132,699,639.99 | 24,152,705.85 | 18.2 | 10,084,780.62 | 4,283,071.81 | 42.5 |
| District of Columbia..... | 32 | 557,400.92 | 54,972.78 | 9.9 | 41,931.98 | 14,669.04 | 35.8 |
| Terr. and Poss..... | 23 | 335,948.59 | 101,535.79 | 30.2 | 27,180.56 | 25,920.96 | 95.4 |

| CIRCUIT AND DISTRICT | Secured Claims Allowed | Payments to Secured Creditors | Percent of Secured Claims Paid | Unsecured Claims Allowed | Payments to Unsecured Creditors | Percent of Unsecured Claims Paid |
|---------------------------|------------------------|-------------------------------|--------------------------------|--------------------------|---------------------------------|----------------------------------|
| GRAND TOTAL..... | \$18,246,549.19 | \$9,995,778.02 | 54.8 | \$105,193,447.15 | \$9,989,774.59 | 9.5 |
| Total 84 Districts..... | 18,168,974.65 | 9,920,629.27 | 54.6 | 104,445,884.72 | 9,949,004.77 | 9.5 |
| District of Columbia..... | 26,726.23 | 24,300.46 | 90.9 | 489,642.71 | 16,003.28 | 3.3 |
| Terr. and Poss..... | 50,848.31 | 50,848.29 | 100.0 | 257,919.72 | 24,766.54 | 9.6 |

Mr. Covey makes the following comment regarding bankruptcy administration:

Indemnity Funds

"ONE of the most troublesome problems in the bankruptcy administration has long been the handling of the indemnity funds of the referees consisting of the sums deposited by the parties to bankruptcy proceedings to secure the referees in the payment of their expenses incurred in the administration of the estates. The indemnity funds have properly nothing to do with the payment of the referees' fees in those or any other states. The fees for the various services which the referees perform are specified in section 40 of the Bankruptcy Act, and section 72 of the Act prohibits the referees from receiving and the courts from allowing to them 'in any form or guise,' 'any other or further compensation' for their services.

"Section 62 of the Bankruptcy Act provides for the payment in addition to the fees allowed by law of the 'actual and necessary costs and expenses incurred by officers in the administration of estates.' General Order in Bankruptcy of the Supreme Court No. 10, provides that a referee before incurring any expense for various purposes connected with the administration of estates, may require 'indemnity for such expense.' General Order No. 26 requires the referees to render semi-annually, on Form No. 47 which is prescribed, an account showing in detail the moneys received by them as indemnity and the manner in which the moneys have been expended."

Wide Variety of Rules

"IN some districts there is no rule fixing the amounts which referees may require to be deposited for indemnity. Most districts have rules of some kind but there is the greatest diversity among them. Some rules are so phrased that they lend themselves to the interpretation that the sums deposited may be appropriated by the referees, subject to payment of the expenses, regardless of the actual amount of the expenses incurred, and that if the referees can save anything out of the deposits above the actual expenses it is theirs. A practice to this effect has grown up

in some districts and there it has some sanction of time and custom.

"There can be no serious question that all such practices are contrary to the Bankruptcy Act and should be corrected. The trust character of the indemnity funds according to the statute and the General Orders in Bankruptcy is plain. One may have considerable sympathy with the contention advanced by some referees that their compensation from the fees fixed in the Bankruptcy Act is inadequate, particularly in the present period when a very large proportion of the bankruptcy cases are without assets, and yet be unable to sanction the taking of expense money as in effect an addition to fees.

Clarification of Rules

"PRIOR to the establishment of the Bankruptcy Division, the Administrative Office had been calling the attention of the district courts to such practices when they were disclosed by reports of examiners upon the offices of particular referees. The appointment of the Chief of the Bankruptcy Division has made it possible to attack the difficulty with far more effect. It has been made known that Mr. Covey, the Chief of the Bankruptcy Division, is ready and glad to confer with judges and referees in reference to the local rules on the subject. His cooperation has been welcomed. Conferences have been had with the judges and referees of a number of districts and more are coming. Rules which were ambiguous have been clarified, and definite regulations laid down which made it clear that indemnity moneys can be used only for the payment of actual expenses, under no conditions for additional compensation; and that if there is any balance in the fund above such expenses it must either be refunded to the parties to the estates from which it came, or if that is not practicable because of the small amount attributable to the individual estates, it must be retained in the indemnity fund and used to offset subsequent deficits in the fund or to reduce the rates of deposit for indemnity required in the future.

"A pattern for a rule has been developed subject to adaptation of the rates of deposit for differing conditions in different districts. Rules following it have been adopted in recent months with local variations by the

district courts for the Southern District of New York, the Middle District of Pennsylvania, the Eastern District of Tennessee, and the Northern and Southern Districts of West Virginia,* and the subject is under consideration in various other districts. A form of referee's cash-book designed to supplement the rule, and to keep separate in the referee's current accounts items of fees and expenses, has been suggested, and has already been adopted by many referees. The improvement in practice which is taking place, is attributable to the referees who are almost uniformly cooperating, and to the judges of the courts who when the problem is presented, are directing unequivocally that the indemnity funds be correctly administered.

Other Activities of the Bankruptcy Division

"IMPROVEMENT in the handling of the indemnity funds, although the most important, is only one of the concerns of the Bankruptcy Division at the present time. Upon request of the courts it is making studies of the volume and distribution of the business of the referees in different districts for the purpose of helping the judges to determine what number and territories of referees are advisable. It has secured a clarification by the Office of Price Administration of the application of bankruptcy sales, of priority and price regulations, which were a source of much perplexity to trustees and referees. The Price Administrator issued an order largely exempting judicial sales held pursuant to court order from the regulations. The exceptions were in reference to the more important materials."

* The rules adopted in the Northern and Southern Districts of West Virginia are identical. This concurrence making the bankruptcy practice uniform throughout the state is a virtue in itself.

**Don't Miss The
War Credit Congress,
at
St. Louis, Mo.
May 25-26-27**

The Psychology of Credit Letters

Later Stages of Collection Appeals

By HELEN M. SOMMERS

Credit Manager

Trojan Hosiery Mills, Indianapolis

The author began the general subject of collection appeals in the February installment. In that issue she discussed what she termed the preliminary steps in collection correspondence. In the March number Miss Sommers discussed the intermediate phases of collection letters and in this issue she directs the reader's attention to application of psychology in the final stages of collection procedure. In her March installment Miss Sommers presented the general thesis that: "A good collection letter should secure the debtor's attention, be specific in stating the past due condition, make the collection appeal and close with a request that suggests action." Miss Sommers continues to enlarge upon this same thesis in discussing the final stage of collection effort in this article—*The Editors*.

In the final stages of collection, when legal procedure is threatened, you can still arouse a man's pride is his credit standing, and prick it by showing that he has fallen short of his record.

These Arouse Pride in His Credit Standing.

I don't actually believe it is necessary for us to resort to legal action to collect an account from *any firm of your standing*.

Such drastic measures surely are not necessary to collect a just debt from *a firm like yours*.

It is ridiculous to think that we should have to resort to such procedure with a *firm of your standing*.

Surely there is no need for such action against a store with a *reputation like yours*.

I don't believe a *firm of your standing* requires forceful collection measures.

These Imply that He Has Fallen Short of His Own Past Performance.

In looking back over our relations of three year's standing, I recall so many instances when you have *demonstrated your willingness to cooperate*.

The *conscientious attitude which you have always maintained* toward your account with us makes us *confident that you will not fail us now*.

Up to a few months ago, *you worked with us so earnestly* to reduce this balance. We cannot account for your seeming inattention to it now.

It hurts us to think that *your past record is being marred* by present neglect.

You have encountered difficulties in the past, but *you have always given us the right sort of cooperation*. Surely you will not mar that record now.

It just isn't like you.

You have a good record. Don't let it be spoiled.

Appeal to Pride Through Social Pressure

THE suggestion that the customer has not conformed to commonly expected behaviour is a vigorous prodding of his pride, and appropriate to this stage of collections, particularly for securing an answer to letters.

These Show that He Has Not Measured up to What Is Generally Expected of Anyone.

just *ordinary cooperation* would call for at least a reply.

It's only *common courtesy*.

the proper thing to do,

the acceptable thing to do,

no more than *ordinary business courtesy*,

It is just a courtesy that we naturally expect of *any* of our customers.

I can't believe that you would deliberately ignore our letters.

It is a *common courtesy* that would cost you very little effort.

It is *such an easy thing* to write a few words of explanation.

It is too bad that the many letters we have written to you have not met with the *proper* response.

I am registering this letter to you personally because *I can't believe* that our five previous letters

came to your personal attention, or they *surely would have been answered.*

*

It is hard to believe that any firm would

*

Frankly, it is not what we expected.

"You Belong in the Dependable Majority"

PLACE the customer temporarily in a minority group, and suggest that he belongs with the dependable majority. It is a process of pricking pride on the one hand, and arousing it on the other.

These Show that He Is in a Minority Group.

Your file has been laid on my desk for *special attention.* (Letter signed by an official)

*

I'll *keep your file on my desk* for a few days, awaiting your answer.

*

I have your account *on my desk now*, along with *three others* whose past due condition is sufficiently serious to warrant my daily attention.

*

I was surprised to find your file with *three others* which Mr. placed on my desk this morning, because he felt their past due condition was *sufficiently grave to warrant my personal attention.*

These Show Confidence or Imply that He Belongs with the Majority.

Frankly, I don't believe this is at all necessary. I believe you are *one of the vast majority* of people in this world who have an honorable attitude toward their obligations, and who pay their bills because they want to, not because they are required to.

*

In 99 cases out of a hundred I do not think it is necessary to enforce collection by . . .

*

Now it is my earnest conviction that the *average man* wishes to discharge his obligations fully, and pays his bills because he wants to do the right thing. *I have that confidence in you.*

*

Now I have a very strong confidence in human nature. I believe that by far the *majority of people* want to, and do, pay their bills of their own free will. Credit would not be worth much if we couldn't have that confidence.

Challenge His Pride

THIS is probably the strongest appeal to pride that can be made without arousing anger. The challenge arouses the impulse to prove oneself, in the face of the doubt that is expressed or implied.

These Challenge His Good Intentions.

Now *it is up to you to* make the next gesture of cooperation. If you do, you will find us ready and willing to work with you, just as we always have been. If you do not, then we will have to proceed as we have outlined.

After all, you will find your creditors willing to work with you if you will give them *some token that you are willing to do your part.*

*

A check for half the amount you owe us, and arrangements about the balance would *prove your good intentions*, and we would certainly be willing to work with you.

*

As a *gesture* in the right direction,

*

As an *indication* that you really want to work with us,

*

It is up to you, now.

*

We are making this straight from the shoulder request. *It is up to you to show us* just what your intentions are.

*

We opened your account, shipped you goods, and have allowed this additional time all in the best of faith. Don't you think it's your turn now to *demonstrate that our confidence was justified?*

*

Let us *keep the confidence* we had in you when we opened your account.

*

Surely you don't want us to regard this indifference as a matter of deliberate neglect.

*

In the face of circumstances, what are we to think?

*

We don't like to feel that you would let us down after making a definite promise that we would receive a check in a few days.

*

We all like to have people believe in us and put confidence in our word. The only way to bring that about is to make good on every promise made. Do you remember that you told us you would . . .

Appeal to Fairness

FAIRNESS is a reciprocal quality. If you bring to a man's mind your own fairness, you will stimulate his desire to be fair.

The implication that he is imposing is a joint appeal to fairness and the sense of shame, which is the negative aspect of pride. As soon as a man realizes that he has been unfair, he experiences shame, and a wish to right the situation and thereby regain his self-esteem.

These Remind Him of Your Own Fairness.

We have acted *in the best of faith.*

*

Surely you won't let us down *after the cooperation we have given you.*

*

When one of our customers runs past due with us, *we always try to consider the matter in a fair light*, and be reasonable, if we are convinced that he is doing his best to work with us and pay the account as quickly as possible.

We have treated you with the *utmost consideration*.

*

We have made *allowances for possible difficulties*, and have given you *every possible consideration*.

*

After giving you *five fair invitations* to lay the facts before us frankly.

These Imply That He is Imposing.

Suerly you do not expect us to - -

*

You certainly wouldn't ask us to - -

*

We wouldn't like to draw the conclusion that you are *deliberately imposing* upon our leniency.

*

While I do not believe that you would wilfully impose upon our patience, I do feel that *with a special effort you could have sent us a check long ago*.

Refer to Your Reasonable Rights

THESE appeals to fairness call attention to your reasonable rights and interests.

These Bring Your Own Rights to His Attention.

It is only reasonable for us to expect a reply at once.

*

It is reasonable and right that we should have our money for these two charges at once.

*

Good business principle requires that we give attention to our own interests, too.

*

We are compelled to take steps to *protect our own interests*.

*

In fairness to ourselves, there are limits beyond which we cannot go.

*

We have to be *fair to ourselves, too*.

*

You are in business to make money and protect your interests, and so are we. While we do everything possible to consider our customers' interests, there is of course a limit, for *we must consider our side of the question, too*.

*

Naturally we must pursue a definite policy with relation to slow accounts.

*

As a business man, yourself, what would you do?

*

Now *if you were in our position*, you would feel that you owed it to yourself to collect this account without further delay.

*

It is only natural that we should adopt a different attitude after giving you every opportunity to work with us. Just *put yourself in our position*.

Appeal to Goodwill

THESE appeals to goodwill can be woven into final letters in a way to remove the harshness from threat-

ened legal procedure, and bring about a more mellow reaction.

We don't like to take any action that would destroy the *friendly feeling that has existed between us for so long*.

*

We would certainly be very sorry to see this matter take a course that would destroy the very *fine spirit of understanding* and goodwill that has always existed between us.

*

A customer with whom we have enjoyed such *cordial relations*.

*

the friendly business relations that have existed between us for so long.

*

We consider you an *old friend of the house*. Certainly it would be too bad if we were forced to do anything that would disturb that relationship.

*

We don't want to do anything to disturb the *good relations* that have existed between us *for so long*.

*

Surely it would be too bad to disturb *our cordial relations* by such action.

*

We certainly would prefer to continue in the same *friendly vein* that has run through all of our relations.

*

We want to settle this matter in a friendly way, and continue the *pleasant relations* that have existed between us.

*

An account that we have enjoyed relations with for such a long time.

*

Let's settle this matter in a common-sense way. We want to keep the friendly relations that have existed between us for so long.

*

We've been *business friends for a long time*. Surely we can get this matter settled in the right way without marring those relations.

Appeal to Self-Interest

THE customer's need of your cooperation, and the value of his credit standing provide the material for strong appeals to his self-interest at this stage of collection.

When we do not receive an answer to our letters, however, we are left in the dark as to what conditions are, and cannot act *to your best interests*.

*

You are *not being fair to yourself* when you leave us in the dark this way.

*

Why not *be fair to yourself* and give us a straightforward explanation? We will cooperate if you will give us the opportunity.

*

Laying aside the question of how you are treating

us, *you are not really giving yourself a fair "break."*

*

You make it difficult for us. We want to *give you every possible consideration*, but when you allow your account to run 60 days overdue, and don't even answer our letters, what are we to think?

*

If only in fairness to yourself, you ought to tell us what the difficulty is.

*

Unless you give us the facts, how can we work to *your best interests?*

*

We want to cooperate, but we can't work in the dark.

*

You owe it to yourself to give us a full explanation.

*

A closer working arrangement cannot help but *re-act to your benefit* as well as ours.

*

Neglect like this seriously *damages your paying reputation.*

*

We want to know your situation, because we want to give you the *fairest possible treatment.*

*

We regard a merchant's credit standing as his *most valuable asset*, and would rather do something constructive to *help him preserve it*, than to do something that would necessarily reflect upon it unfavorably.

*

Your credit standing is something we want to help you to preserve. Naturally we don't want to do anything that would reflect against it, and surely you would not want us to.

Appeal to Fear

THE customer's fear of expense, embarrassment, and loss of credit standing can be utilized to advantage when suit is threatened.

Collection by legal process is an economic waste. You and we *would both be better off* if we could settle this matter on a friendly basis.

*

It is troublesome for us, *and expensive for you*, and the lawyers are really the only ones who profit by it.

*

Nobody profits from a law suit but the lawyers themselves.

*

Nobody likes lawsuits.

*

The very mention of legal procedure invokes *unpleasant associations* in the minds of all of us—*annoyance, embarrassment, notoriety, loss of prestige*—all of the unpleasant things *any person wishes to avoid.*

*

Legal action is in one respect like war; it is a *costly way* to settle accounts that could be settled on a sane basis.

It would be most distasteful to us to be compelled to resort to such action.

*

It is only with the greatest reluctance that I ever consent to such *severe means* of effecting settlement.

*

We would not like such action any better than you.

*

Naturally such action would be *detrimental to your credit standing.*

*

We hesitate to bring such action because of the *effect it would have upon your credit standing.*

*

Surely you wish to avoid the *embarrassment and expense.*

*

Because the *debtor has so much to lose* by legal procedure, it is only fair that we notify you in advance that it is our intention to take this action.

*

If we are forced to pursue this course, naturally *your credit standing will suffer considerably*, to say nothing of the *inconvenience, embarrassment and expense to you.* Surely you would prefer to take advantage of this final opportunity to settle the matter on a sensible basis.

Types of Letters

THE cumulative effect of the first paragraph sounds an alarm and creates an appeal to self-interest.

The second and third paragraphs are a challenge to his fairness and to his good intentions.

Dear Sir:

THIS IS SERIOUS!

Your August account of \$250.30 is 60 days overdue. September charges totaling \$195.20 are thirty days overdue. In addition, the 10th of November will be upon us in a few days and that means that October charges will be added to the list. So you see, delinquent items are piling up, and it is urgent that you make a substantial inroad on them immediately.

You know you can count upon us for any reasonable cooperation, but you also know, Mr. that this thing cannot be one-sided. We must have proper evidence that you are willing to do your part too.

The amount we will leave up to you, but it should be substantial, and we ought to have it in the return mail. How about it?

Very truly yours,

A FORCEFUL way to emphasize the customer's failure to cooperate. A light challenge to his intentions is implied by the question marks.

Gentlemen:

Re: Your July Account, \$258.39

| |
|------------------------------------|
| No answer to our letter of Aug. 20 |
| " " " " " " " 30 |
| " " " " " " " Sept. 10 |
| " " " " " " " 18 |
| " " " " " " " 25 |
| " " " " " " " Oct. 2 |

Very truly yours,

Host City for War Credit Congress

Is Big Industrial Center

With a distinguished historic background, St. Louis, the city chosen for the War Credit Congress of the National Association of Credit Men, May 25-27, possesses even greater interest as a modern American city. Few cities in the world can equal it as a center of attraction for convention visitors. St. Louis enjoys all the advantages of healthful climate, accessibility and modern conveniences. It is an old city with modern ideas, and its extraordinary progress has been such that it is justly called "The City of Destiny."

Long recognized as the industrial financial and commercial center of the Midwest, St. Louis now has become one of the country's chief war centers. Defense production is sending sales charts, income charts and employment in this area to an all time record. More than a half-billion dollars in orders have been placed in St. Louis and the surrounding area.

Many Large Industries

THE war has merely heightened the peacetime trend of industrial expansion in St. Louis. A great number of industries have moved to St. Louis within the last few years. In this City there are now 2,555 factories, more or less, which represent 136 different types of business. This remarkable diversity of interests acts as a constant equilibrium for prosperity in business and employment. Based on the value of its products, St. Louis is the seventh City of the United States in manufacturing importance.

In normal times, St. Louis manufactures a great variety of articles. Of the 312 classes of manufacture listed in the United States Census, 201 are represented in 2,500 St. Louis industrial plants. Its major industry is the manufacture of shoes in which are employed eight per cent of its total factory workers. St. Louis makes and sells more than \$165,000,000 worth of shoes annually.

Some of the principal articles that have been manufactured in St. Louis are the following: airplanes and accessories, automobiles and accessories, barber supplies, beer, brick, tin cans, chemical products, drugs, electric fans, foodstuffs, cured hides, bottles, tools, steel and iron, lumber, hats, motors and electrical equipment, railroad cars, shoes, milling machinery, terra cotta, tobacco, lead and cabinet making tools.

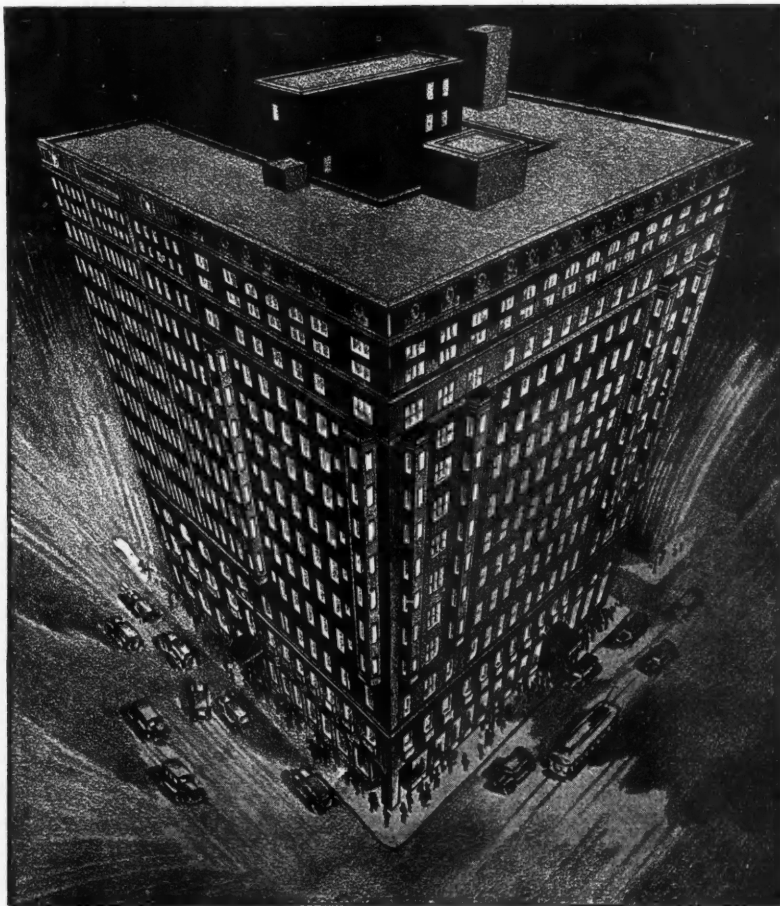
But, while St. Louis is a booming industrial and commercial metropolis now, her

background as a frontier town is surpassed in color by no other city.

Many Interesting Landmarks

YOU will be interested in the colorful landmarks of the old pioneer days, some of which have been standing almost two centuries. You will want to see the old Courthouse, for instance. Here Dred Scott began his famous fight for freedom, changing the course of American History. Slaves once were sold at the stone auction block at the east door. It was the starting point of the Daniel Boone Trail. History was made within its walls. It stands today as it has since 1862 when its patented cast iron dome first rose down by the river.

The Old Cathedral still stands on the river front site of the first Mass in 1764. One of the oldest churches west of the Mississippi River the Cathedral was built in 1831-34. It houses one of the oldest church organs in the country. To sweeten the bells tone 200 melted Spanish silver dollars were cast with other metals.



St. Louis' oldest building, The Rock House still stands at the edge of the levee. It was originally used as a depot for supplies and furs for traders. And, as a reminder of a more modern era, still preserved is the log cabin occupied by General U. S. Grant, prior to the Civil War. The fence is made of rifle barrels of that war's soldiers.

You'll find that friendly St. Louisians enthusiastically point out that no visitor to St. Louis is ever at a loss in finding what to do and what to see. To back up their statements, they list the Art Museum, Cahokia Mounds, Chain of Rocks Park, the Confederate Memorial, the Dent House, Eads Bridge, Forest Park, Jefferson Memorial, "Ol' Man Ribber," Shaw's Garden, St. Louis Municipal Airport, the famous Zoological Gardens and many other outstanding attractions.

The subtle art of making people feel at home is the studied concern of St. Louis hotels, backed by one of the best hotel associations in the country. Reasonable rates, spacious lobbies, adequate meeting rooms, delightful banquet halls and good food—these are what will make your stay in St. Louis pleasant.

There is something for every interest, every taste in St. Louis. There is comfort and fun. It is there that you will enjoy our National Meeting, while you are finding out how you can help insure Victory!

Gets Award on Letter

Newark: H. A. Mulholland, Assistant Credit Manager at the Calco Chemical Division, American Cyanamid Company, Bound Brook, N. J., has just been awarded the gold medal certificate for a prize letter he submitted in a nationwide business letter contest conducted by the Dartnell Corporation of Chicago. The subject of Mr. Mulholland's prize-winning letter was "Unearned Discounts."

Vital Question

In a small town where two brothers are engaged in the retail coal business a religious revival was held and one of the brothers got converted. For weeks he tried to persuade his partner to join the church. One day he asked:

"Why can't you get religion and join the church like I did?"

"It's a fine thing for you to belong to the church," replied the other, "but if I join the church who'll weigh the coal?"

Reduce the Shock of Economic Loss

(Continued from Page 8)

Shortages through employee dishonesty are certainly unnecessary, blanket fidelity bonds offer full or partial protection against them. In other words, a bond can act as a "shock absorber." Certainly, some protection is better than none; and with regular and thorough audits, employers should be able to keep the losses within the scope of their fidelity protection.

Bonds do more, though, than protect the employer against loss. In almost all cases, bonded employees are cautious. They know that if they commit embezzlements, they have not only the employer to answer, but also a large financial institution which specializes in the business of making people honest. Personal friendships and sympathies are eliminated when bonding companies come into the picture. This, in itself, plays an important part in keeping employees honest.

Benefit of Investigations

EVEN more important, from the employer's point of view, is the fact that bonding companies conduct thorough investigations of all persons before bonding them. Although this is no assurance that a person may not develop into an embezzler later, it does let the employer know the character and background of his employees.

Today, all of these facts about embezzlement and embezzlers are true, but employers are also confronted with an additional problem. Due to the current international crisis, the manpower shortage, and the tremendous need for production and distribution workers, plus the terrific shortage of office helpers, personnel problems have greatly increased. Rapid turnover, lack of adequate training, and rank carelessness are responsible for many unnecessary shortages. In many cases these losses are not caused by dishonest actions; however, a large proportion of them are.

While blanket fidelity protection is essential for the safeguarding of profits in normal times, it is many times as important today. The investigation phase of these bonds has increased in value to the employer, too; because it is almost impossible for personnel staffs to really learn the

background of people who now fill responsible positions.

In brief, fidelity insurance, designed to give protection against the dishonest activities of all actual and potentially dishonest employees, is vital to every business, if the American system of free enterprise and a "fair return on invested capital" is to continue. Fidelity bonds can serve as guardians to normal profits, by acting to reduce the shock of economic loss through embezzlement.

Takes a Lawyer to Give Reason

IT is reported that an army officer who had been appointed to administer the affairs of some islands and would be obliged to act as judge, went to Lord Mansfield, then Chief Justice of England, and said: "The matter that gives me most concern is the fact that I shall be obliged to act as judge, and I know absolutely nothing about the law." Lord Mansfield told him that this need give him no concern; that he should simply decide according to what he considered to be justice, but he must be careful to give no reasons for his judgments because it took a good lawyer to give the proper reasons for a decision. This army man had great success and was considered "a Daniel come to judgment." Then he got the idea that he was a natural born lawyer, and began to give reasons for his judgments and in a short while lost the respect of the people.

We often hear it said the judgment was right, although the opinion was wrong. This is much better than the reverse. The latter often happens to our intellectualists, strict-constructionist judges.

Truth Pays Off

A crowd of German airmen arrived at the gate of heaven and clamored to get in.

"Who are you?" asked St. Peter.

"We're the 50 German airmen who were shot down today by the R. A. F.," was the reply.

Said St. Peter: "Wait a minute while I look at the DNB communiqué." After reading it he came back and announced: "It says here that only two German airmen were shot down today. So two of you can come in and the rest of you can go to hell."

Inter-Industry Conference

Individual Industry Sessions at St. Louis War Credit Congress

C Next to the successful prosecution of the war, post-war planning is today the major item of interest and concern to our country. Knowing from past experience something of the actual and possible effects of war on business and credit, we, as credit executives, appreciate that post-war planning is vital for us. We do not know when the war will end; we hope it will be soon but, whether or not, if we are not to be caught napping, we must begin planning for it now.

The Tuesday Afternoon, May 25th, Session of our War Credit Congress has been set aside for an Inter-Industry Conference. The principal purpose of that conference will be to consider, discuss and plan in broad outline to meet possible post-war developments.

The Session will open with an address on post-war conditions by the head of a nationally known manufacturing company, who will tell us what we must anticipate and against which we should plan. The program will be in the hands of the Industry Meetings Committee and the Chairman of the Industry Groups. The remainder of the Session will be devoted to an analysis of past experiences, a consideration of existing and now-developing conditions and, it is hoped, can be consummated by the drafting of a broad, general program which will serve as a basis for each individual industry in planning for its post-war credit activities.

This Tuesday Afternoon Session is an innovation at our Meetings, created to meet the unusual conditions facing us. It is timely; there is no question of its importance; and judged by the interest being evidenced on all sides, it promises to be perhaps the most interesting, informative and profitable session we have ever enjoyed at any Convention.

Details of the Meeting, names of speakers, etc., will be found in your Credit Congress Program booklet.

By O. E. DEDE
Krey Packing Co., St. Louis
Chairman, Industry Meetings
Committee

Meantime, whatever your industry or your line of business, put this Tuesday Afternoon Session on your "must attend" list.

Also of utmost importance are the individual Industry Sessions on Wednesday, May 26th. Programs of the twenty-six Meetings scheduled will shortly be completed. Without exception, the Committees have performed splendidly, their programs are outstanding and most of them will follow the theme developed at our Inter-Industry Conference on Tuesday.

If a meeting has not been scheduled for your specific industry, it is the hope that there will be at least one in progress which will be of interest to you. You will be welcome at any or all of them.

Following are the Meetings scheduled, together with preliminary sketches of programs available on April 15th when this issue of "Credit and Financial Management" went to press.

ADVERTISING MEDIA

Program details will be available at the Meeting.

AUTOMOTIVE AND PETROLEUM

The Auto Parts and Supplies Wholesalers and the Petroleum Refiners are holding a joint meeting as at Cincinnati last year.

There will be an address on Taxes by an outstanding C.P.A. whose name will be announced later. "How We Can Help Small Business Now" will be the subject of a discussion led by a representative each from the Auto Parts Industry and the Petroleum Industry. There will be Open Forum Discussions on "War Contracts And Credit Problems Involved", "Personnel", and other pertinent topics. The meeting will close with an address on "Readjustment After Victory" by a speaker to be selected.

BANKERS

Out-of-town bank credit executives attending the War Credit Congress will par-

ticipate in the Annual Meeting of the St. Louis Chapter of the Robert Morris Associates. Meeting and Dinner will be held at the Missouri Athletic Association on Wednesday evening, May 26th. W. F. Schroer, Mississippi Valley Trust Company, St. Louis, President of the local chapter of Robert Morris Associates, is in charge of arrangements and will preside at the Session.

BREWERS, DISTILLERS AND WHOLESALE LIQUOR

Chairman L. D. Duncan, National Distillers Products Corp., New York, who has been away from his desk because of illness, has been most ably assisted by Vice-Chairman O. A. Wangerin, Griesedieck Bros. Brewery Company, St. Louis, in developing a program.

Walker Pierce, President, Missouri Brewers Association, St. Louis, will speak on "Public Relations". W. P. Talbot, Frankfort Distilleries, Inc., Louisville, will talk on "There Have Been Some Changes Made".

"Problems Of The Credit Situation Since The Repeal Of Prohibition" will be the subject of an address by Joseph H. Stroer, Hyde Park Breweries Association, St. Louis. Leon H. Long, McKesson & Robbins, Inc., St. Louis, will speak on "Post-War Credits".

Mrs. Ethel Leonard, Columbia Brewing Company, St. Louis, will lead a discussion on "Relation Of Credits To Public Relations". John S. Mannshardt, Anheuser-Busch, Inc., St. Louis, will lead a discussion on "How To Maintain The Goodwill Of Customers During Present-Day Conditions".

BUILDING MATERIAL AND CONSTRUCTION

Edw. Schulz, C. J. Reinecke Lumber Company, St. Louis, has been appointed as an additional committee member representing the St. Louis area.

Tentative program includes addresses and discussions on "The War—Its Effect On The Credit Policies Of Our Industry", "Labor And Material Bonds On Government Contracts", "Renegotiation Of Government Contracts", "Post-War Credits", and other timely topics.

CEMENT

The keynote of the meeting will be "War Problems Of The Cement Industry". Edw. W. Henne, Missouri Portland Cement Company, St. Louis, is War Credit Congress Chairman for the Group, in charge of local arrangements, and is working closely

with E. Balestier, Jr., Group Secretary, and the four District Group Chairmen.

CONFECTIONERY MANUFACTURING

Harold E. Walsh, Paul F. Beich Company, Bloomington, Ill., has taken over the Committee Chairmanship and is rapidly completing a program in which the following have already consented to take part: I. R. Wagar, E. J. Brach & Sons, Chicago; Frances E. Sauer, Peerless Confection Company, Chicago; A. H. Mader, American Chicle Company, Long Island City; Irene M. Austin, Consolidated Biscuit Company, Chicago; W. F. Pretzel, Bunte Bros., Chicago; L. S. Day, W. S. Schrafft & Sons Corporation, Boston; and Loretta N. Fisher, Geo. Zeigler Company, Milwaukee.

Vice-Chairman W. O. Berbrick, Walter Baker & Company, Inc., Dorchester, Mass., will preside at one of the sessions.

DRUG AND CHEMICAL

Chairman E. T. Carlson, Johnson & Johnson, Chicago, reports that the program will consist of three formal addresses in the morning on topics and speakers now in process of selection, and that the afternoon session will be devoted to a round table discussion of present and post-war topics submitted by the delegates.

ELECTRICAL AND RADIO

An additional committee member representing the local area, is E. E. Diehl, Westinghouse Electric & Manufacturing Company, St. Louis.

Howard S. Almy, Collyer Insulated Wire Company, Pawtucket, R. I., will speak on "Wartime Interpretation Of Balance Sheet And Operating Ratios".

There will also be presentations on "Termination Of Government Contracts", "The Place Of The Electrical And Radio Distributor In The War Effort", and "Payment And Performance Bonds On Government Contracts".

Open Forum Discussions are scheduled on a number of war and post-war problems.

FINE PAPER

"Taxes As They Affect Our Customers" will be the subject of an address by John J. Lang, C.P.A., Director, Department of Accounting, School of Commerce and Finance, St. Louis University.

There will be addresses and Open Forum Discussions on "Preparations And Plans Being Made By Industries And Government For Post-War Period", "Customer Relations During The Present Emergency", "Inventory Control", and others, by speakers and leaders now being selected.

FOOTWEAR

Delegates representing the Footwear Industry will meet in joint session with the Wearing Apparel Industry during the day, and will hold a separate meeting and dinner on Wednesday evening.

Plans and program arrangements are in the able hands of Chairman R. L. Seaman, The Florsheim Shoe Company, Chicago, and Vice-Chairman Beatrice Beste, Milius Shoe Company, St. Louis, and H. L. Miller, Tweedie Footwear Corporation, Jefferson City.

Since St. Louis is one of the outstanding

shoe manufacturing centers, a record attendance is expected at both the Wearing Apparel and Footwear Sessions.

FOOD PRODUCTS AND ALLIED LINES MANUFACTURING

Highlights of the morning session will be an address by Marquard F. Braun, President, Chippewa Trust Company and National Vinegar Company, St. Louis, on "Effects Of Point Rationing In The Food Industry", and one by Henry H. Edmiston, Vice-President Federal Reserve Bank of St. Louis, on "Post-War Credit Problems."

In the afternoon there will be an Open Forum on current problems, followed by a discussion of accounts submitted in advance by those who expect to attend.

Chairman C. A. Armstrong announces that there will be a meeting of the Board of Directors of the National Food and Allied Products Group at Hotel Jefferson at 8:00 P.M., Tuesday, May 25th.

FOOD PRODUCTS AND CONFECTIONERY WHOLESALERS

Miss Blanche M. Scanlon, Nash Coffee Company, Minneapolis, has succeeded Chas. McCarthy, Lee & Cady, Grand Rapids, as Committee Chairman. V. E. Florence, Four States Grocer Company, Texarkana, succeeded Miss Scanlon as Vice-Chairman, and Wm. O. Buhrman, Wetterau Grocer Company, Inc., St. Louis, has been appointed a member of the Committee representing the St. Louis area.

Topics already decided upon for formal addresses or Open Forum Discussions are: "Post-War Credit Problems", "The Credit Department's Responsibility To Small Business", "Association In The Practical Sense", "Our Opportunity Now To Prepare For The Future", and "Our Immediate Problems".

There will be an address by the President of one of the large St. Louis food distributors on a subject to be announced.

HARDWARE MANUFACTURING

Chairman E. Wm. Lane, American Screw Company, Providence, advises that a number of timely topics are being scheduled, among which will be a talk by K. A. Patterson, N.A.C.M. Legislative Director, on "Government Contracts".

In the afternoon there will be a joint meeting with the Wholesale Hardware Industry, the full program of which follows.

HARDWARE WHOLESALERS

Chairman G. C. Klippel, Van Camp Hardware & Iron Company, Indianapolis, announces additional committee members as follows: W. W. Baskett, Shapleigh Hardware Company, St. Louis, Vice-Chairman; O. H. Berryman, John Pritzlaff Hardware Company, Milwaukee; W. J. Claussen, Hibbard, Spencer, Bartlett & Company, Chicago; E. H. Price, Baker, Hamilton & Pacific Company, San Francisco; A. P. Spaar, Woodward, Wight & Company, Ltd., New Orleans; and B. E. Walker, C. M. McClung & Company, Knoxville.

The morning session will open with a talk by Chairman Klippel on Industry activities. B. E. Walker, C. M. McClung &

Company, Knoxville, will speak on "Customer Relations In Credit Management". "Post-War Problems Of The Credit Department" will be the subject of a talk by A. E. Appel, Shapleigh Hardware Company, St. Louis.

The joint session with the Hardware Manufacturing Industry will open with an afternoon luncheon address on "Planned Or Controlled Economy And Its Effect On Business" by a speaker to be selected.

Following introductions, there will be a round table discussion by a panel composed of Wm. J. Claussen, Hibbard, Spencer, Bartlett & Company, Chicago, and O. H. Berryman, John Pritzlaff Hardware Company, Milwaukee, representing the Wholesalers, and Edw. E. Ogren, The Stanley Works, New Britain, and Jos. F. Madden, Nicholson File Company, Providence, representing the Manufacturers.

Arbiters representing both the Wholesalers and Manufacturers are to be selected.

The following subjects will be discussed: (1) "Post-War Marketing Policies Of The Hardware Industry." (2) "After The War, Shall We Revert To Pre-War Practices Such as Competition In Credit Terms, Condoning Liberal Installment Terms On Major Items, Extended Datings, And Liberal Cash Discounts?" (3) "Direct Inquiries From Specialty Houses." (4) "The Position Of The Wholesaler Who Accepts A Contract From Either The Government Or War Plant Subject To Cancellation, And Then Places This Business With a Manufacturer Who, In Accepting The Order, Does So On The Basis That It Is Not Subject To Cancellation." (5) "Should We As An Industry Work Toward The End That We Receive The Necessary Credit Information Which We Need If We Are To Do A Professional Job For Our Employer?"

INSURANCE

Program details will be available at the Meeting.

IRON AND STEEL

Program details will be available at the Meeting.

MACHINERY AND SUPPLIES

One of the highlights of the program will be an address on "Government Contracts," with special emphasis and discussion on Renegotiation and Termination Clauses. Other topics and speakers are being selected and will be announced

MEAT PACKING

"Maintaining Goodwill Of Past And Future Customers" will be the topic of an address by A. L. Campbell, East Tennessee Packing Company, Knoxville. J. E. Walsh, Oscar Mayer & Company, Chicago, will speak on a subject to be announced.

All who have been privileged to participate in Open Forum Discussions conducted by A. L. Jones, Armour & Company, Chicago, at past Credit Congresses will be happy to learn that Mr. Jones is scheduled for the same assignment again this year.

At least one additional speaker, probably a sales manager, will talk on the relationship of credit and sales departments.

NON-FERROUS METALS, RAW MATERIALS AND ALLIED LINES

Chairman L. K. Morse, Bridgeport Brass Company, Bridgeport, announces the appointment of V. W. Heyden, Chase Brass & Copper Company, Waterbury, as a member of his Committee.

This is a new meeting, the first session having been held at Cincinnati last year. A full program of speakers and discussions is being planned. Much interest is being indicated in all parts of the country, and a large attendance is expected.

PAINT, VARNISH, LACQUER AND WALLPAPER

A splendid program is being planned which will be available in advance of the Meeting.

PAPER PRODUCTS AND CONVERTERS

This Meeting is under the Chairmanship of V. C. Eggerding, Gaylord Container Corporation, St. Louis, who is also General Chairman of the War Credit Congress.

Tentative program includes addresses on "The Future Tax Outlook," "What Is The Post-War Market For Paper And Affiliated Products?" and "Cancellation Clauses in Government Contracts."

There will be an Open Forum Discussion entitled, "Speeding Victory," during which many topics will be discussed, including "Accuracy and Promptness Of Credit Reports," "War Time Credit Investigations," "Methods Of Increasing Efficiency In Credit Operations," "The Miller Act," "Priorities, P-140," "Customer Relations," and others.

PLUMBING, HEATING, AIR CONDITIONING AND REFRIGERATING

Chairman E. C. Vorlander, Minneapolis-Honeywell Regulator Company, Minneapolis, announces the appointment of two additional members to his Committee: Louis J. Dubuque, Jr., R. A. Dubuque Supply Company, and E. B. Woeldike, York Ice Machinery Corporation, both of St. Louis.

A very interesting program is being planned which tentatively includes presentations on "Cancellation Of War Contracts," "Post-War Sales Prospects," "Today's Industry Credit Problems And Customer Relations," "The Effect Of Taxation On Post-War Business Reconversion," and "Post-War Balance Sheets."

R. A. Colliton, Director, Credit Interchange Bureau Department, N.A.C.M., St. Louis, will talk on "Group Credit Cooperation For Post-War Effectiveness And Speed In Handling Credit Problems."

PUBLIC UTILITIES

This Meeting will be in session Tuesday afternoon, May 25, as well as all day Wednesday.

Program is virtually completed and includes the following: "Welcome Address" by Alfred Hirsch, General Superintendent, Laclede Gas Light Company, St. Louis. Address on "Present-Day Customer Relations" by P. E. Eddy, Assistant Vice-President, Peoples Gas Light & Coke Company, Chicago.

(Continued on page 32)

50 YEARS OF PROTECTION

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Mr. J. F. McFadden, President,
American Credit Indemnity Co. of New York,
First National Bank Building,
Baltimore, Maryland.

Dear Mr. McFadden:

Congratulations on the 50th Anniversary of American Credit Indemnity Company! Achievement of such a significant milestone must be a real pleasure to you and your fellow executives.

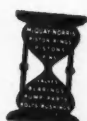
My own pleasure in extending these greetings is enhanced by the fact that your Golden Anniversary year is also the 25th anniversary of relations between our two companies . . . twenty-five consecutive years, may I add, of very pleasant relations.

Our accounts receivable have been insured by your Company since 1918, from the First World War, through the depression of '21, the boom of the latter twenties, the Great Depression of the thirties, and now during this chaotic war period. During those years, our accounts have been securely protected against severe credit losses by your policy.

May the future of your Company be as illustrious as the past though your accomplishments unlimited . . . may the next 50 years be a period of tremendous growth and achievement.

Sincerely,
McQuay-Norris Mfg. Co.

Arthur Y. Drefs
Vice-President & Treasurer.



A.G. Drefs.
MTG



J. F. McFadden,
PRESIDENT
FIRST NATIONAL BANK BLDG.
Baltimore

"Guarantees Payment of Your Accounts Receivable"

Review of Supreme Court Ruling on Assignment of Accounts Receivable

By W. RANDOLPH MONTGOMERY
of Counsel for National Association of Credit Men

C Because of the failure of a bank to give notice to the debtors that accounts receivable had been assigned to it as collateral security for a concurrent loan made at the request of a committee of creditors of the borrower, the assignment to the bank was set aside as a preferential transfer in an action instituted by the borrower's trustee in bankruptcy.

Such in essence was the holding of the United States Supreme Court in *Corn Exchange Nat'l Bk. & Tr. Co., Phila., et al, v. Norman Klauder, Trustee of Quaker City Sheet Metal Co., Bankrupt*, decided March 8, 1943.

The assignments in question were made in Pennsylvania, the law of which state, at the time of the transactions, required an assignee of accounts receivable to give notice of the assignments to the debtors, in order to perfect the assignee's title to the accounts assigned. Such notice not having been given by the lenders, their title had not been perfected as against a bona-fide purchaser before four months prior to bankruptcy, and consequently, the court held, the assignments were preferential transfers under Section 60-a of the Bankruptcy Act, and the trustee in bankruptcy was entitled to recover the funds assigned for the benefit of the bankrupt estate.

Review of Facts

THE facts in the case were as follows: The Quaker City Sheet Metal Company became embarrassed for want of working capital in 1938. Creditors, representing a large percentage of claims, agreed to subordinate their claims to those which might be incurred for new working capital. A creditors' committee took super-

vision of the business in 1938, arranged with the Corn Exchange Bank to advance from time to time money for payroll and other needs on concurrently made assignments of accounts receivable. An involuntary petition in bankruptcy was filed against the Company on April 18, 1940, followed by adjudication on May 7, 1940. At that time the Company was indebted to the bank and another for loans made on contemporary assignments between January 19, 1940, and April 5, 1940. When the assignments were made, they were recorded on the Company's books, but neither of the assignees had ever given notice of assignment to the debtors whose obligations had been taken as security.

Section 60-a of the Bankruptcy Act, as amended by the Chandler Act, reads as follows:

"A preference is a transfer, as defined in this Act, of any of the property of a debtor to or for the benefit of a creditor for or on account of an antecedent debt, made or suffered by such debtor while insolvent and within four months before the filing by or against him of the petition in bankruptcy, * * * the effect of which transfer will be to enable such creditor to obtain a greater percentage of his debt than some other creditor of the same class. For the purposes of subdivisions a and b of this section, a transfer shall be deemed to have been made at the time when it became so far perfected that no bona-fide purchaser from the debtor and no creditor could thereafter have acquired any rights in the property so transferred superior to the rights of the transferee therein, and, if such transfer is not so perfected prior to the filing of the petition in bankruptcy * * * it shall be deemed to have been made immediately before bankruptcy."

Section 1(30) specifically provides that the "transfer" includes an assignment.

It was the law of Pennsylvania at the time these transactions took

place that because of the failure of the assignees to give notice to the debtors whose obligations were taken, a subsequent good faith assignee, giving such notice, would acquire a right superior to theirs. *Phillips Estate* (No. 3) 205 Pa. 515.

(The Pennsylvania law has since been amended by statute to provide that notice of the assignment concurrently entered on the assignor's books is equivalent to notice to the debtor. Pennsylvania Laws 1941 No. 255, p. 606, July 31, 1941, 69 Purd. Stat. Ann. Section 561.)

The Supreme Court held that the effect of Section 60 of the Bankruptcy Act, as amended:

"is to test the effectiveness of a transfer, as against the trustee, by the standards which applicable state law would enforce against a *good faith purchaser*. Only when such a purchaser is precluded from obtaining superior rights is the trustee so precluded. So long as the transaction is left open to possible intervening rights to such a purchaser, it is vulnerable to the intervening bankruptcy. By thus postponing the effective time of the transfer, the debt, which is effective when actually made, will be made antecedent to the delayed effective date of transfer and therefore will be made a preferential transfer in law, although in fact made concurrently with the advance of money. In this case the transfers, good between the parties, had never been perfected as against good-faith purchasers by notice to the debtors as the law required, and so the conclusion follows from this reading of the Act that the petitioners lose their security under the preference prohibition of Section 60(b)."

Definition of "Preference"

THUS, while under the provisions of Section 60-a a preference is defined as a transfer of any of the property of a debtor to or for the benefit of a creditor "for or on account of an antecedent debt," the Supreme Court has held that a concurrent advance becomes antecedent and therefore preferential if the assignee fails to perfect his title as

against a potential creditor of, or bona-fide purchaser from, the assignor, until a date subsequent to the transfer, and within four months before the bankruptcy of the assignor, if *at the time of such perfection of title* the assignor be insolvent.

The intent of Congress in enacting Section 60-a in its amended form was, the court found, to strike down secret liens:

"The new test is more comprehensive and accords with the contemplated purpose of striking down secret liens. It is provided that the transfer shall be deemed to have been made when it has become so far perfected that neither a bona-fide purchaser nor creditor could thereafter have acquired rights superior to those of the transferee. As thus drafted, it includes a failure to record and any other ground which could be asserted by a bona-fide purchaser or a creditor of the transferor, as against the transferee. A provision also has been added which makes the test effective even though the transfer may never have actually become perfected.'" (H. R. Rep. No. 1409, 75th Congress, First Session, p. 30).

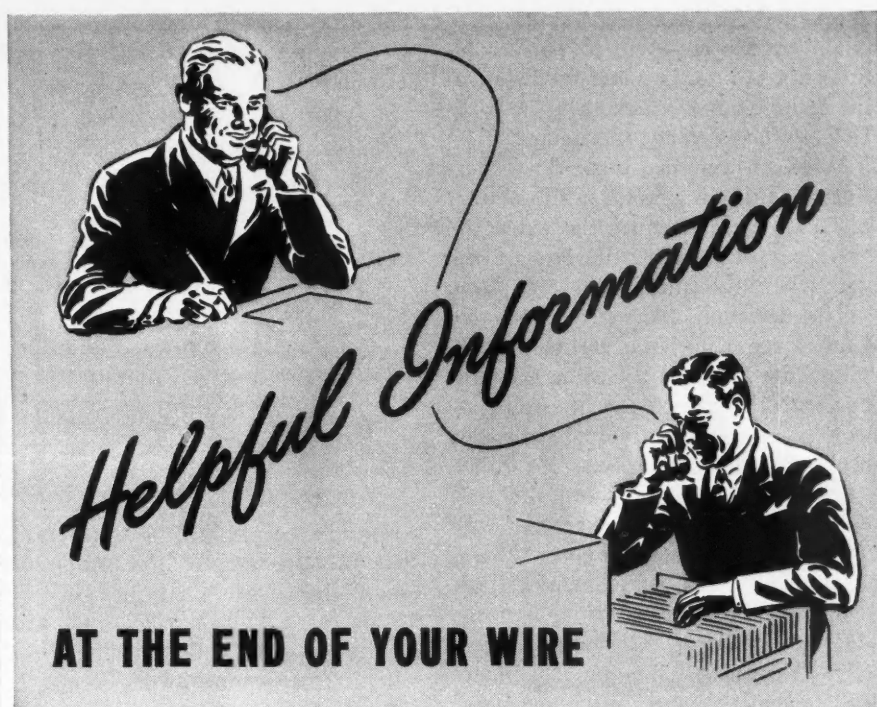
Comment of Court

THE court, commenting upon non-notification financing, said:

"Receivables often are assigned only when credit in a similar amount is not available through other channels. Interest and other charges are high, and an assignment often is correctly understood as a symptom of financial distress. The borrower does not wish his customers to learn of his borrowing arrangement for the reason, among others, that customers, particularly in placing orders for future delivery, prefer to rely on solvent suppliers. And often the borrower desires to conceal the fact that he is being financed by this method lest knowledge lead to a withdrawal of further credit or refusal of new credit. The borrower and the lender on assigned accounts receivable thus have a mutual interest in not making the transaction known. So long as the transaction may remain a secret, it is not apt to become known to the trade. When the transaction is communicated to the trade debtors it is known where there is less motive to keep it under cover. Commercial and trade reporting agencies are diligent to obtain credit information of this character. Its dissemination may often have adverse effects upon both the borrower and the lender, but they are not the only interested parties. Secrecy has the effect of inducing others to go along with the borrower in ignorance where they would not do so if informed.

Ruling Is Far-Reaching

THE effect of this decision is far-reaching. The test of the validity, as against a trustee in bankruptcy, of an assignment as security for a concurrent advance is made to depend



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upon the effectiveness of the steps taken by the assignee to perfect his title, not only as against creditors of the debtor, but also as against a *bona-fide purchaser* from the debtor.

What an assignee must do to perfect his title as against a subsequent bona-fide purchaser of the same account, depends upon the law of the state where the transaction took place.

The decisions are in irreconcilable conflict regarding the rights of successive assignees of the same account. The states in which the question has been passed upon divide themselves into four different classes: *First*, the "notification" states, where the title of the assignee may be perfected only by notification of the debtor owing the account. Such states include California, Connecticut, Florida, Kansas, Maine, Maryland, Mississippi, Missouri, Nebraska, Oklahoma, Tennessee, Vermont and Virginia, and possibly also Arkansas, Delaware, Louisiana, New Hampshire, Wisconsin, North Carolina and Colorado, although in the latter states the matter has not been definitely settled.

Second, those states, such as New York, where notification of the debtor is not required in order to perfect title, and where a second assignee getting possession of the proceeds of the assigned account is deemed a trustee of the moneys for the first assignee, to whom he is accountable. See *State Factors Corp. v. Sales Factors Corp.*, 257 App. Div. 101; *Superior Brassier Co. v. Zimetbaum*, 214 App. Div. 625.

Third, those states, such as Massachusetts, in which (while notification is not required in order to perfect title) a second assignee may under certain circumstances obtain rights superior to those of the first assignee,—as where the second assignee has collected the account or has obtained a judgment against the debtor owing the account; or has entered into a novation with such debtor, or has obtained possession of the instrument, if any, evidencing the account. See *Restatement of the Law of Contracts*, Sec. 173; *Salem Trust Co. v. Manufacturers' Finance Co.*, 264 U. S. 182, 199, footnote 7; 2 Williston on Contracts 435; 1 Bogert Trusts and Trustees, Sec. 195, p. 559; *Goodyear Tire & Rubber Co. v. Bagg*, 197 N. E. (Mass.) 481; *Herman v. Conn. Mut. L. Ins. Co.*, 218 Mass. 181, 105 N. E. 450.

Fourth, the states where the per-

fection of title to an assigned account is governed by statutory provisions as follows:

(1) *Ohio*—Where title may be perfected by filing a notice of intention to assign in the office of the County Clerk. Ohio Code, Supplement, Sections 8509-3 to 8509-6.

(2) *Pennsylvania*—Where, by a statute enacted since the date of the assignments involved in the *Quaker City* case, title may be perfected either by notifying the debtor or by concurrently marking the assignor's books of account. 69 Purdon's Pa. Statutes, Sec 561, Supplement.

(3) *Georgia*—Where the statute provides that an assignment is perfected by a notice on the assignor's books which constitutes "notice to all persons except the debtor." Act of February 26, 1943.

It will be seen by the foregoing that merely because the transaction takes place in what is generally known as a "non-notification" state, it cannot safely be assumed that, without notification to the debtor, the title of the first assignee is secure as against a trustee in bankruptcy under the provisions of Section 60 of the Bankruptcy Act, for in many of the non-notification states a subsequent assignee may, under certain circumstances, obtain rights superior to those of a prior assignee, and the latter's title may therefore be attacked by a trustee in bankruptcy.

In many states the question of the rights of a subsequent collecting assignee has not yet been passed upon, and in all such jurisdictions prudence suggests immediate notification to the debtor. Again, serious complications arise where successive assignments are made in different states and are therefore governed by the law of different jurisdictions. This difficulty was referred to by the Supreme Court in the *Quaker City* case where the court said that "conflicts and confusion may result where the transaction or location of the parties is of such a nature that doubt arises as to which of different state laws is applicable."

Prior to the enactment of the Chandler Act, the right of a trustee in bankruptcy to avoid a preferential transfer by the bankrupt on the ground that the transfer was not recorded until within four months before bankruptcy, existed only where the trustee in fact represented, or was entitled to take the place of, some creditor whose claim actually stood in a superior position to the challenged transfer while unrecorded and within the specified period. *Martin v. Commercial Nat'l Bk. of Macon, Ga.*,

245 U. S. 513. So, where under a state statute an unrecorded chattel mortgage was invalid only as against persons who had obtained a lien against the mortgaged property and against bona-fide purchasers for value, a bankruptcy trustee could not have the mortgage set aside as preferential even if it was not recorded until the day before the filing of the petition in bankruptcy. And where failure to record a deed did not, under state law, render it invalid as against the grantor's creditors, but only as to subsequent bona-fide purchasers without notice, the deed, even though not recorded, was valid as against the trustee in bankruptcy. *Carey v. Donohue*, 240 U. S. 430.

To meet these decisions and others of a similar nature, the Chandler Act extended the rights of the trustee so that he may now attack an unrecorded transfer, even though it be good as against creditors, if void as against bona-fide purchasers for value.

As the Supreme Court pointed out, it was the clear intention of Congress to strike down secret liens so far as the Bankruptcy Act is capable of doing so.

The weakness of the present provision of Section 60-a, however, is that its power to strike down secret liens is entirely dependent upon state law. Thus, the *Quaker City* case presents no serious problem with respect to assignments made in the State of New York by a New York borrower, but it creates very serious problems in other states, and there the *Quaker City* decision has already been met by the introduction of statutes providing for the perfection of title without notification.

Harvey Hill Back At CACM Desk

Chicago—Harvey T. Hill, Secretary of the Chicago Association of Credit Men, who last August at the earnest solicitation of the War Production Board was released by the Board of Directors for part-time duty to head up the Industrial Salvage Branch of the War Production Board, returned February 1 to full-time activity at the Association headquarters. Mr. Hill was appointed regional chief of the Industrial Salvage branch to manage the campaign for the collection of industrial scrap metal to keep the steel mills going in the Chicago area. The territory covered 4 states, Illinois, Indiana, Iowa and Wisconsin.

Ralph C. Jones of Cincinnati Joins Uncle Sam's Army

Cincinnati: Ralph C. Jones, who has been in charge of Interchange in the Cincinnati Association of Credit Men, was inducted in the United States Army on April 10. The Paint Group of this Association had a special luncheon to honor Mr. Jones. Before he left, another group of his friends in the Association had a luncheon on April 9 when Mr. Jones was presented with one of the late model waterproof Gruen watches. Mr. Jones has been with the Association since 1927 when he started at Evansville, Ind. He came to Cincinnati in 1933.

War Damage Rates Are to Be Continued

Washington: The current rates on War Damage Insurance will be continued according to an announcement made by the War Damage Corporation early in April.

War Damage Insurance now in effect totals 122 billion dollars with more than 4,700,000 policies in effect, and the corporation has collected a gross premium of approximately 130 millions. Although War Damage Insurance has been written in every State and territory and also the possessions of the United States, 58 per cent of the 122 billion dollars of liability now outstanding has been written in five States, California, Massachusetts, New Jersey, New York and Pennsylvania.

Cleveland Women Close Year with Good Gain

Cleveland: The Credit Women's Club of the Cleveland Association closed a very successful year on April 13, having added six new members and now has a roster of 53. At the annual meeting on April 13, the following new officers were elected to serve for the coming year: President, Miss Vella deArango, The Hubbs & Howe Co.; Vice-President, Miss Kathryn M. Sirc, Edgar A. Brown, Inc.; Treasurer, Miss Gladys Link, U. S. Steel Supply Co.; Secretary, Mrs. Florence Flickinger.

Oh, Joy!

Dear Pa: If you want me to come back to the farm when Uncle Sam says he don't need me any more—here's what you'd better do. Buy two of the meanest mules you can find. Name one of them "Corporal" and the other "Sergeant." I'll be glad to spend the rest of my days just telling them two jackasses why I made a mistake when I didn't join the Navy instead of falling for this soldier stuff. Your loving son, Private (no class) Jasper Higgs.



SWEAT . . .



BLOOD . . .



TEARS . .

must not be shed in vain

Wasted are sweat, blood and tears without the tangible products of industrial might. From production will come victory today . . . a more abundant life tomorrow. We in America have built the world's greatest industrial capacity . . . and we must guard it well. Insurance, in supplying this protection, is shielding America's most vital asset for peace or war.

Your U. S. F. & G. agent is familiar with wartime insurance problems, business and personal. For your protection, get in touch with him today; you'll find him listed in your 'phone book.

***"Consult your insurance agent or broker
as you would your doctor or lawyer"***

U.S.F.&G.

UNITED STATES FIDELITY AND GUARANTY COMPANY

with which is affiliated

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES: BALTIMORE

The Financial Executive's Wartime Job



There is scarcely a phase of the present War Effort where the application of Financial Management is not of significance. While this is commonly regarded as a mechanized war, it is also a financial and business control war. The many new and complicated records required by all agencies of Government have made the Financial Manager's field a war industry in itself. The acquisition of materials and manpower, their use in productive effort, and the conditions under which they may be applied to war and civilian needs represent problems in administration for all those engaged in keeping the financial score for industry and Government. Priorities, credit and supply, Government controls, fixed price and cost plus contracts, the extent to which Government will absorb the normal operating costs of business, and the degree to which renegotiation agencies will allow pre-war profit concepts are outstanding examples of the objectives on which our minds must be trained in this period of emergency.

The pricing formulas used by your Companies and the necessity of maintaining cost records that demonstrate all necessary data on profits arising from Government business in themselves demand a substantially accurate accounting structure, but more particularly, that need is present as a safeguard against the impairment of future financial position. No longer do we regard the Corporate Financial Report as a dust-collecting document in the hands of the public or the Government, and the accounting which lies behind it is largely responsible for this awakened interest.

The establishment and use of contingency reserves for the protection of post-war capital needs, and the effect of taxation upon reserves and profits are problems which also excite our interest, and for which we have a direct responsibility to our Directors and Stockholders. Being realistic about such things, we intend to

* A portion of Mr. Perry's keynote address before the Financial Management Conference of the American Management Association in New York on March 24th.

By H. C. PERRY*
Treasurer, Heywood-Wakefield Company, Gardner, Massachusetts

explore this field with Mr. Camman this morning.

Need for Expense Control

ONE obligation to General Management requires that we have a sharp interest in Expense Control and, for that reason, it is alleged in some quarters that the Financial Officer is afflicted with a split personality. Despite this allegation, and our various methods of accomplishing the objective, we know that the mechanism of the budget is substantially out of gear as a result of War Production activities, and that the ratios of labor, material and overhead to total cost and billing price are not subject to such precise measurement as in normal times. Be that as it may, we must continue our respect for the control function, and see to it that our overhead structure is made adjustable to new measuring devices, at least to the degree that Corporate Management will know in what direction it is proceeding.

We know that the Government rejects as a charge against war contracts certain items of expense which normally prevail in ordinary commercial practice, and if we continue to carry this type of expense, the record must show whether it is something that belongs against our civilian business, if any, against the war contract, against the profit, or in effect, if it should be the subject of a purge. Expense Control is important even in times of war, and, particularly if we project our thinking into the sphere of taxation. We cannot afford an "I should worry" position notwithstanding that 80 or 90 per cent of our corporate earnings are siphoned off in the form of Excess Profits Taxes by the Government. We know that our attention should be focused on the 10 or 20 per cent margin of profit retained by our respective Companies.

We know that these are times when the seeds of extravagance are sown in industrial management, and when a certain type of philosophy will suggest that budgetary excesses be winked at. Is it not important, therefore, despite the dividends captured by the Treasury Department out of our operating profits, that we develop an attitude of mind which thinks in terms of the 10 or 20 per cent residue of profit belonging to the Company, the 10 or 20 per cent net saving on all effective economies, and beyond that wind up in the post-war period with something that resembles, however inadequately, a normal overhead structure? Is it not important when operating under ceiling prices, with output represented part by military and part by civilian products that we measure expense distribution according to allowable standards in each classification? Current reports indicate that price control and Governmental business will continue for some considerable time following the war and the adjustments we make now may well serve as suitable guides for the future. That is why this subject of "Expense Control under Present Conditions" is on the program, and it will be presented through capable leadership.

Wage Act a Challenge

AMONG other problems that we have to contend with in this extraordinary period is the important Wage and Salary Stabilization Act, and probably there never was a greater challenge to your freedom of making compensation adjustments in the business which you represent. It is a fact that wages and salaries are not frozen, that adjustments can be made, some with, and others without Government approval, but beyond the complications arising through conformance with this Act, their effect upon personnel relationships and the cost of doing business, lies the impact upon long established plans created to provide incentive for the Executive. Is he to continue as the forgotten man in this new way of life, both by the imposition of the

regulations under the Act plus his tax assessment, and if so, what is the effect of all these regulations upon well-thought out and dividend-paying plans that have been used to develop enterprise and stimulate people to think and work? It is conceivable that the use of intelligent incentive systems probably would contribute more to the solution of war production problems than any other step, and yet many Companies have had reason to defer action because of prevailing confusion regarding the introduction of a bonus program.

What is the effect of these and other regulations upon the future of Pension and Insurance plans for employees, and what decision should a management make for their protection and expansion, all of which not only bear an important relationship to the operating costs and financial standing of a business, but are equally important in terms of administrative control and effective management? The adoption of any plan providing pensions for employees falls into the classification of a fixed charge, and the provision of this fixed charge is directly affected by the Revenue Act. We know that the product of all these social reforms has a marked effect upon the orthodox rules of corporate management, the cost of doing business, and the results achieved in terms of employee relationships. We anticipate that the so-called "American Beveridge Plan" having reached our Congressional door step will have equally significant and far reaching results. As Financial Officers, and again as realists, we are interested in the trend, and will have opportunity to reflect upon these subjects as the Session proceeds.

GONE are the days when a financial officer fortified with his auditor's certificate could release a Company report to stockholders with the confident words, "Net earnings for the period amount to \$...." Tucked away in most published statements, we now find some such qualifying words as these, "The earnings reported herein are subject to the results of renegotiation of war contracts under Section —, of the War Profits Control Act." This qualifying statement is not a defense mechanism. It does mean, however, that Uncle Sam has a double barreled shot

at those earnings—the tax barrel and the renegotiation barrel. Most of us engaged in War Production respect the value of these new controls because they represent the tools by which the elements of profiteering and inflation which characterized the last war may be effectively removed.

As financial men, we recognize that many of the costs of peace time business are not present in Governmental business, and that the sizable volume of Governmental business on the books is most likely to lower the expense ratios in all general overhead accounts. Our jobs demand that the Company's financial structure first be

protected, but it would be foolish to expect the same *margin* of profit on war volume as our peace time production may have shown. The Government is justified in fixing a low rate of profit on the contract in the expectation that the return of dollar profits will be increased by the economies of the larger output. We accept all of these provisions as sound business fundamentals, and are patriotic enough to agree that excessive profit should not arise from the job of arming the Country for war. But we do not need a police force to cram these platitudes down our throats. We are not a bunch of school boys.



Keysort will speed up your accounting or statistical job without radically altering current procedure. Keysort, the world's fastest card system, does not require costly machines or equipment. A million cards a day are the same as a thousand to Keysort, and no specially-trained operators are required. Ask the McBee representative.



THE MCBEE COMPANY

General Offices: Athens, Ohio

Offices in Principal Cities

Calendar of Corporation Reports and Taxes

May, June, July, August, September, October

ARIZONA—Report to Corporation Commission and Registration Fee due during June.—Domestic and Foreign Corporations.

ARKANSAS—Income Tax Return and Payment due on or before May 15.—Domestic and Foreign Corporations.

Returns of Information at the source due on or before May 15.—Domestic and Foreign Corporations.

DELAWARE—Annual Franchise Tax due between April 1 and July 1.—Domestic Corporations.

DOMINION OF CANADA—Annual Summary due on or before June 1.—Dominion Companies.

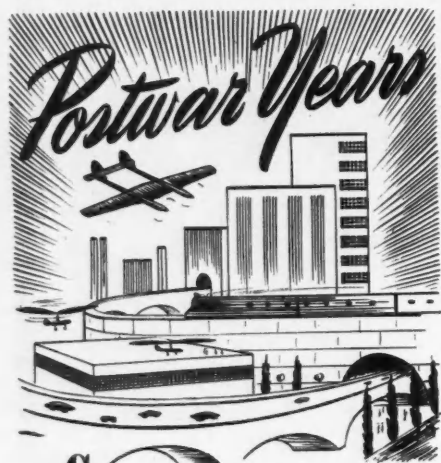
FLORIDA—Annual Report and Fee due on or before July 1.—Domestic and Foreign Corporations.

ILLINOIS—Annual Franchise Tax due on or before July 1, but may be paid up to July 31 without penalty.—Domestic and Foreign Corporations.

IOWA—Report of Transfers of stock due on or before July 1.—Domestic Corporations.

LOUISIANA—Income Tax Return due on or before May 15.—Domestic and Foreign Corporations.

Returns of Information at the source, due on or before May 15.—Domestic and Foreign Corporations.



CAREFUL planning in the years gone by has resulted in an enviable record of performance and strength for these two fire insurance companies. Careful planning at the present moment is preparing for the brighter postwar years just ahead.

MILLERS NATIONAL
Insurance Company
ILLINOIS FIRE
Insurance Company
HOME OFFICE, CHICAGO

MAINE—Annual Franchise Tax Return due on or before June 1.—Domestic Corporations.

MICHIGAN—Report of Unclaimed Moneys, Securities, Credits, etc., due on or before June 30.—Domestic and Foreign Corporations.

MISSOURI—Annual Franchise Tax due on or before May 15.—Domestic and Foreign Corporations.

Income Tax due on or before June 1.—Domestic and Foreign Corporations.

MONTANA—Annual Statement due within two months from April 1.—Foreign Corporations.

Annual License Tax based on net income due on or before June 15.—Domestic and Foreign Corporations.

NEBRASKA—Annual Report and Franchise (Occupation) Tax due on or before July 1.—Domestic Corporations.

NEVADA—Annual List of Officers and Designation and Acceptance of Resident Agent due on or before July 1.—Domestic and Foreign Corporations.

NEW JERSEY—Franchise Tax Return and Tax due on or before May 15.—Domestic Corporations.

NEW MEXICO—Franchise Tax due on or before May 1.—Domestic and Foreign Corporations.

NEW YORK—Annual Franchise (Income) Tax Return (Form 31T—Article 9-A, Tax Law) and payment of one-half of tax due on or before May 15.—Domestic and Foreign Business Corporations.

OREGON—Annual Report due during June.—Domestic and Foreign Corporations.

RHODE ISLAND—Corporate Excess Tax due on or before July 1.—Domestic and Foreign Corporations.

TENNESSEE—Annual Privilege (Franchise) Tax Return and Tax due on or before July 1.—Domestic and Foreign Corporations.

Annual Report and Tax due on or before July 1.—Domestic and Foreign Corporations.

Annual Excise Tax Report and Tax due on or before July 1.—Domestic and Foreign Corporations.

Report of Dividends paid to residents due on or before July 1.—Domestic and Foreign Corporations.

UNITED STATES—Second Installment of Income Tax due June 15.—Domestic Corporations and Foreign Corporations having an office or place of business in the United States.

VIRGINIA—Income Tax due June 1.—Domestic and Foreign Corporations.

WASHINGTON—License Fee due on or before July 1.—Domestic and Foreign Corporations.

WEST VIRGINIA—License Tax Statement due on or before July 1.—Domestic Corporations.

Annual License Tax due on or before July 1.—Domestic and Foreign Corporations.

Fee to State Auditor as Attorney in Fact due on or before July 1.—Foreign Corporations and those Domestic Corporations whose principal places of business or chief works are located in other states.

WYOMING—Annual Statement and License Tax due on or before July 1.—Domestic and Foreign Corporations.

ARIZONA—Report to Corporation Commission and Registration Fee due during June.—Domestic and Foreign Corporations.

ARKANSAS—Anti-Trust Affidavit due on or before August 1.—Domestic and Foreign Corporations.

Annual Franchise Tax due on or before August 10.—Domestic and Foreign Corporations.

CALIFORNIA—Quarterly Retail Sales Tax Returns and Payments due on or before July 15 and October 15.—Domestic and Foreign Corporations.

Franchise Tax based on net income. Second instalment due on or before September 15.—Domestic and Foreign Corporations.

CONNECTICUT—Annual Report due on or before August 15 (if corporation was organized or qualified between July 1 and December 31 of any previous year).—Domestic and Foreign Corporations.

DELAWARE—Annual Franchise Tax due between April 1 and July 1.—Domestic Corporations.

DOMINION OF CANADA—Return of Employers due on or before October 15.—Domestic and Foreign Corporations.

FLORIDA—Annual Report and Fee due on or before July 1.—Domestic and Foreign Corporations.

GEORGIA—Certified Statement for Registration due on or before November 1.—Domestic and Foreign Corporations.

IDAHO—Annual Statement due between July 1 and September 1.—Domestic and Foreign Corporations.

Annual License Tax due between July 1 and September 1.—Domestic and Foreign Corporations.

ILLINOIS—Annual Franchise Tax due on or before July 1, but may be paid up to July 31 without penalty.—Domestic and Foreign Corporations.

INDIANA—Annual Report due within 30 days after June 30.—Domestic and Foreign Corporations.

Quarterly Gross Income Tax Returns and Payments due on or before July 15 and October 15.—Domestic and Foreign Corporations.

IOWA—Annual Report due between July 1 and August 1.—Domestic and Foreign Corporations.

Statement of Capital and Property Increase due at the time of filing the Annual Report in July.—Foreign Corporations.

Report of Transfers of stock due on or before July 1.—Domestic Corporations.

Quarterly Retail Sales Tax Returns and Payments due on or before July 20 and October 20.—Domestic and Foreign Corporations.

KENTUCKY—Statement of Existence due on or before July 1.—Foreign Corporations.

Verification Report as to Process Agent due on or before July 1.—Domestic and Foreign Corporations.

List of Resident Stockholders and Bondholders due on or before August 1.—Domestic and Foreign Corporations.

LOUISIANA—Franchise Tax Report and Tax due on or before October 1.—Domestic and Foreign Corporations.

MAINE—Annual Franchise Tax due September 1; delinquent one month later.—Domestic Corporations.

MASSACHUSETTS—Second Instalment of Excise Tax due on or before October 20.—Domestic and Foreign Corporations.

MICHIGAN—Annual Report and Franchise Tax due during July and August.—Domestic and Foreign Corporations.

Report of Unclaimed Moneys, Securities, Credits, etc., due on or before June 30.—Domestic and Foreign Corporations.

MISSISSIPPI—Annual Report and Fee to Factory Inspector due in July.—Domestic and Foreign Corporations employing 5 or more persons in Mississippi.

Annual Franchise Tax Report and tax due on or before July 15.—Domestic and Foreign Corporations.

MISSOURI—Annual Statement, Registration and Anti-Trust Affidavit due during July.—Domestic and Foreign Corporations.

MONTANA—Annual License Tax based on net income due on or before June 15.—Domestic and Foreign Corporations.

NEBRASKA—Annual Report and Franchise (Occupation) Tax due on or before July 1.—Domestic Corporations.

Annual Report and Franchise (Occupation) Tax due during July.—Foreign Corporations.

NEVADA—Annual List of Officers and Designation and Acceptance of Resident Agent due on or before July 1.—Domestic and Foreign Corporations.

NEW JERSEY—Franchise Tax Return and Tax due on or before August 15.—Foreign Corporations.

NORTH CAROLINA—Annual Franchise Tax Report and Tax due on or before July 31.—Domestic and Foreign Corporations.

NORTH DAKOTA—Corporation Report due during July.—Domestic Corporations.

Quarterly Retail Sales Tax Returns and Payments due on or before July 20 and October 20.—Domestic and Foreign Corporations.

OHIO—Annual Franchise Tax due on or before July 15.—Domestic and Foreign Corporations.

Retail Sales Tax Returns and Vendors' Excise Tax due on or before July 31.—Domestic and Foreign Corporations.

OKLAHOMA—Annual Capital Stock Affidavit due between July 1 and August 1.—Foreign Corporations.

Annual License Tax Report and Tax due on or before August 31.—Domestic and Foreign Corporations.

OREGON—Annual Report due during June.—Domestic and Foreign Corporations.

Annual License Fee due within 30 days after July 15.—Domestic Corporations.

Annual License Fee due between July 1 and August 15.—Foreign Corporations.

RHODE ISLAND—Corporate Excess Tax due July 1; delinquent after July 15.—Domestic and Foreign Corporations.

Semi-Annual Report to Department of Labor due in October and April.—Domestic and Foreign Corporations employing five or more persons in Rhode Island.

TENNESSEE—Annual Privilege (Franchise) Tax Return and Payment and Annual

Report and Tax due on or before July 1.—Domestic and Foreign Corporations.

Excise Tax Report and Tax due on or before July 1.—Domestic and Foreign Corporations.

Report of Dividends paid to residents due on or before July 1.—Domestic and Foreign Corporations.

UNITED STATES—Second and Third Instalments of Income Tax due June 15 and September 15, respectively.—Domestic Corporations and Foreign Corporations having offices or places of business in the United States.

Capital Stock Tax Return and Payment due on or before July 31.—Domestic and Foreign Corporations.

UTAH—Annual Report to the Industrial Commission due in July.—Domestic and Foreign Corporations employing 3 or more persons in Utah.

WASHINGTON—License Fee due on or be-

fore July 1.—Domestic and Foreign Corporations.

WEST VIRGINIA—License Tax Statement due on or before July 1.—Domestic Corporations.

Annual License Tax due on or before July 1.—Domestic and Foreign Corporations.

Fee to State Auditor as Attorney in Fact due on or before July 1.—Foreign Corporations and those Domestic Corporations whose principal places of business or chief works are located in other states.

Quarterly Business and Occupation (Gross Sales) Tax Returns and Payments due on or before July 30 and October 30.—Domestic and Foreign Corporations.

WISCONSIN—Second instalment of Income Tax due on or before August 1.—Domestic and Foreign Corporations.

WYOMING—Annual Statement and License Tax due on or before July 1.—Domestic



THE GREAT New York fire of 1835 wiped out a number of local fire insurance companies. This catastrophe served as an example to other companies—emphasized the importance of *spreading out* their risks rather than limiting liabilities to any one community.

The National Union Fire Insurance Company is licensed to transact business in 47 states, as well as in Alaska, Hawaii, Puerto Rico and Canada. During its 41 years of operation, outstanding gains have been

made in financial strength, prestige and agency connections. National Union and Birmingham agents know the value of our modern facilities and wholehearted cooperation under trying war-time conditions.

National Union
and Birmingham
FIRE INSURANCE COMPANIES
PITTSBURGH • PENNSYLVANIA



National Nominations Committee

The following is the personnel of the Nominations Committee for the 1943 War Credit Congress of the National Association of Credit Men to be held at St. Louis on May 25-27.

The Constitution provides that the five immediate past Presidents as they are available shall serve on this committee, and that the last immediate past President shall be Chairman.

The Constitution also provides that the Councillors in each of the ten Districts shall select a representative for their district, and that the National President shall name ten members at large to serve on the Nominations Committee.

Five Past Presidents:

R. C. Wilson, The First National Bank, Salt Lake City, Utah (CHAIRMAN).

John L. Redmond, Crompton-Richmond Co., Inc., New York, N. Y.

C. A. Wells, John S. Brittain Dry Goods Co., St. Joseph, Mo.

D. I. Bosschart, Eng-Skell Company, San Francisco, Calif.

Paul Fielden, Norton Company, Worcester, Mass.

Ten Members Chosen by the Councillors:

Dist. No. 1—H. C. Jackson, American Hardware Corp., New Britain, Conn.

Dist. No. 2—H. P. Reader, Cannon Mills, Inc., New York, N. Y.

Dist. No. 3—Paul M. Millians, American Credit Indemnity Co., Baltimore, Md.

Dist. No. 4—Lyle Denman, Canton Provision Company, Canton, Ohio.

Dist. No. 5—George H. McClure, Lumbermans Mutual Casualty Co., Chicago, Ill.

Dist. No. 6—R. H. Kerns, Niles & Moser Cigar Co., Kansas City, Mo.

Dist. No. 7—Richard A. Piske, Jaubert Brothers, New Orleans, La.

Dist. No. 8—J. N. Jensen, Manchester, Bisquit Co., Fargo, N. D.

Dist. No. 9—Gilbert C. Young, Brecht Candy Company, Denver, Colorado.

Dist. No. 10—F. E. Gibson, Graybar Electric Co., Seattle, Wash.

Ten Members at Large Selected by President:

Dist. No. 1—Richard H. Davis, General Electric Supply Co., Boston, Mass.

Dist. No. 2—Frank Knapp, Endicott-Johnson Corp., Endicott, N. Y.

Dist. No. 3—James V. Marron, Yale & Towne Mfg. Co., Philadelphia, Pa.

Dist. No. 4—L. L. Schoenberger, Beau Brummel Co., Cincinnati, Ohio.

Dist. No. 5—Lee H. Vaughn, Dudley Paper Co., Lansing, Mich.

Dist. No. 6—H. E. Bucher, Graybar Electric Co., St. Louis, Mo.

Dist. No. 7—G. E. Wilson, Ritchie Grocer Co., El Dorado, Ark.

Dist. No. 8—Van Quackenbush, Minnesota Valley Canning Co., Le Sueur, Minn.

Dist. No. 10—O. E. Stockfleth, California Wire Cloth Corp., Oakland, Calif.

Dist. No. 10—Wm. A. Taylor, Arden Farms, Inc., Glendale, Calif.

Inter-Industry Conference

(Continued from page 23)

"Post-War Planning As Affecting Credit And Collections" will be the subject of an address by Dr. Isaac Lippincott, Professor of Economics, Washington University, St. Louis.

J. W. McAfee, President, Union Electric Company of Missouri, St. Louis, will speak on "Public Relations." "Collection Correspondence Versus Collectors" will be the subject of a talk by C. E. Rowe, Treasurer, Consumers Power Company, Jackson, Miss.

There will be a panel discussion under the Chairmanship of O. J. Vosbrink, Union Electric Company of Missouri, St. Louis, during which the following topics will be covered: "Experiences In Changing To Bi-Monthly And Average Billing"—Leader: H. D. Ballard, Cleveland Electric Illuminating Company, Cleveland. "Postcard Billing And Its Effect On Man Power And Customer Relations"—Leader: Ray D. Davis, Ohio Power Company, Newark, Ohio. "War Time Changes In Collection Payments"—Leader: M. L. Hammacker, Michigan Consolidated Gas Company, Detroit.

TEXTILE

A. N. Gentes, Assistant Manager, Foreign Department, Guaranty Trust Company, New York City, will address the Meeting on "Foreign Trade Post-War Possibilities."

"Mechanics Of Renegotiations" will be the subject of an address by Fred M. Fisher, C.P.A., S. D. Leidesdorf & Company, New York City.

There will be a panel discussion on "Post-War Problems Relating To Business And Credit." Leaders will be John L. Redmond, Crompton-Richmond Company, New York City; Edw. F. Addiss, Textile Refinishers Association, New York City; and Paul J. Viall, Chattanooga Medicine Company, Chattanooga.

WEARING APPAREL—(Clothing, Men's Furnishings, Dry Goods, Footwear, Ladies' Wear, Millinery and Allied Lines)

An important addition to the Committee in charge of this program is Aubie A. Brodsky, Chas. Meyers & Company, St. Louis.

"Post-War Credits" will be the subject of an address by Isadore J. Gale, Rice-Stix Dry Goods Company, St. Louis.

H. L. Miller, Tweedie Footwear Corporation, Jefferson City, will speak on "Maintaining Goodwill Of Past And Future Customers."

Formal addresses and forum discussions are also being planned on "Aid To Small Business," "Shoe Rationing," "Quotas To Distributors And Retailers," and other timely subjects.



A FIGHTER, TOO

Not on the fighting line -- he's on the production line -- one of the millions of valuable workers who constitute the manpower of the nation engaged in the production of vital defense materiel. Protect him.

Let no accident rob you of his time. Some important military action may be depending upon his work.

It is the duty of the safety engineers of Employers Mutuals to assist in the conservation of valuable manpower in the plants of our policyholders through effective safety programs. Details of this service and its accomplishments are provided upon request.

Employers Mutual

LIABILITY INSURANCE COMPANY OF WISCONSIN

HOME OFFICE: WAUSAU, WISCONSIN

OFFICES IN THE PRINCIPAL CITIES OF THE UNITED STATES

NEWS ABOUT CREDIT MATTERS

A section devoted to
Credit Association affairs

May, 1943

Copy deadline
10th of month

Membership Race Closes With All Classes in Spurt

While the annual membership race is supposed to close with the end of the fiscal year, April 30th, the announcement of the actual winners will not be known until Wednesday, May 5th, in order to account for all of the membership reported to the National office during the last day of April. This is so as to take care of mail from the coast cities and other far away points.

The race for membership honors in Class A continues a close contest between Philadelphia, Indianapolis, St. Louis and New York with Philadelphia out in the lead at mid-April by only a few points. Philadelphia, it should be noted, has just passed its thirty-second consecutive month of net gain in membership and is making an extra effort to close the present fiscal year with another big gain. At the close of March, Philadelphia had eleven new members. Indianapolis also has made an excellent showing and reported twelve new members during the month of March.

In Class B Cincinnati, Minneapolis and Seattle are running neck and neck in a close race while both Cleveland and Boston with the last month's spurt might come along and upset the contest in this class.

It was interesting to note that during March there were twenty-two Associations which reported a net gain while twenty Associations reported a net loss. There were 190 new members reported this year in March as compared with 153 in 1942. The resignations in March this year were 168 as against 204 last year. This gives a net gain of twenty-two in March for this year as against a net loss of fifty-one in the same month last year.

Cleveland's May Party To Be Gala Affair

Cleveland: The members of the Cleveland Association are looking forward to the annual May party which is scheduled for the Euclid ballroom in the Hotel Statler on May 12th. The arrangements for this annual party are being made by a committee headed by R. C. Peters of the Lanning Manufacturing Company. This annual May party is the highlight social event of the Cleveland Association, for it is expected that a large number will be in attendance.

Good Program for War Credit Congress

Paul Haase Leaves NACM for New Post With Controllers

It is with great regret that I announce the resignation of Paul Haase as our Public Relations Director. Paul has been with us over twelve years. He has done a very splendid job. He is well known to all of you.

While further opportunities naturally awaited a man of Paul's ability in this



Photo by Old Masters, N. Y.

HENRY H. HEIMANN

organization, I must confess that his new assignment is one that we could not in all sincerity urge him not to accept. Paul is to be Assistant Secretary of the Controllers' Institute of America, One East 42nd St., N.Y.C. It is a tribute to Paul, and to this organization, that so splendid an opportunity has been tendered him.

Paul leaves with not only our good wishes but, I am sure, the good wishes of everyone in the field. Personally I have had a very fine association with him during all of these years and I regret exceedingly his leaving this organization but wish him

(Continued on page 34)

Headline Speakers to Feature Sessions at St. Louis May 25-27

As this issue of CREDIT AND FINANCIAL MANAGEMENT goes to press, last preparations for the War Credit Congress to be held in St. Louis on May 25, 26 and 27 are being pushed to final completion.

H. E. Bucher, Graybar Electric Company, President of the St. Louis Association; V. C. Eggerding, Gaylord Container Corp., as General Chairman, and O. S. Dietz, General Electric Supply Corp., National Director; Orville Livingston, Secretary of the St. Louis Association, and Frederick H. Schrop, N.A.C.M. Staff, in charge of the War Credit Congress, are all putting the final touches on plans and preparations and holding committee meetings almost daily in preparing for the reception of what may turn out to be even a larger attendance than that which was registered at the Credit Congress in Cincinnati last year.

Headliners as Speakers

The War Credit Congress is scheduled to last two and one-half days starting promptly at 9:30 on Tuesday morning, May 25, and winding up at noon on Thursday, May 27. There will be convention sessions both Tuesday morning and afternoon and again on Thursday morning. All day Wednesday will be devoted to Industry Group meetings, a full announcement of which will be found on page 21 of this issue.

Henry Heimann's keynote address will be delivered on Tuesday morning followed by an address by Ralph W. Carney, Vice-President, Coleman Lamp & Stove Company, Wichita, Kan. A recent announcement issued by the Sales Executive Club, New York, regarding Mr. Carney's address before that organization had this to say: "From out of the Middle West comes a fire-eating sales manager with a talk that will make you want to stand up and cheer." His subject will be "Arming America."

After a report by President Bruce R. Tritton on Association matters during the past year, the afternoon session of the Convention will hear an address by Carle C. Conway, Chairman of the Board and President of the Continental Can Company of New York. The balance of the afternoon program will be devoted to two special

talks, one of which was not ready for release at our deadline. The second will be by C. Scott Fletcher, General Sales Manager, Studebaker Corporation, who will speak on behalf of and outline the work of the Committee for Economic Development, Washington, D. C.

On Thursday morning after reports of Membership Committees, the Resolutions Committee and the Nominations Committee, George Sokolsky, author, radio commentator and columnist will be the featured speaker. Those who remember Mr. Sokolsky's address at the Toronto Convention will no doubt await this address with a great deal of interest.

A joint session of the Presidents and Secretary-Managers of all local Associations will be held on Thursday afternoon, May 27th, at 2 P.M., continuing through that day and all day Friday, May 28th, and may even continue over until Saturday if found necessary.

The "Survey Report" will be the principal subject of discussion at the Thursday afternoon session, and Presidents of local Associations are urged to attend this session with their Secretary-Managers.

A large delegation from the New York Credit Men's Association will leave on the "Spirit of St. Louis" on the Pennsylvania Railroad on Sunday night, May 23rd. John L. Redmond, former National President, N.A.C.M., is chairman of the Convention committee. Other associations in the eastern area are making plans to join with the New York crowd on either the "Spirit of St. Louis" or the New York Central and the Baltimore and Ohio line. Those planning to attend are warned that reservations should be made by as early a date as possible. The New York delegation will be housed at the Jefferson Hotel and late arrivals will be given space at Hotel Statler.

Paul Haase Leaves NACM For New Position

(Continued from Page 33)

every success in his new assignment. I am sure he will do equally as good a job for the Controllers' Institute of America as he has done for the National Association of Credit Men.

It was in March, 1931, that Paul Haase came with NACM. After his graduation from New York University in 1929, Paul served on the news staff of the New York World. During his 12 years with our Association, Paul has won recognition for his efficient work as Director of Public Relations. At the start of this year he was elected to the Board of Directors of the National Association of Public Relations Counsel.

The arrangements for handling the work heretofore falling under Paul's responsibility are being made and will be announced later.

Chicago A. C. M. Committee Backs 3 Bills in Illinois Assembly

Chicago: Three important bills vital to credit executives have been introduced in the House of Representatives in the Illinois General Assembly in Springfield after extensive study by the Legislative-Taxation Committee of The Chicago Association of Credit Men of which R. C. Perlick, Acme Steel Company, is chairman.

One bill amends the Chattel Mortgage Act of Illinois, another amends the Bulk Sales Act and the third is an entirely new Act which provides for the filing with the county recorder of a notice of borrowing or an intention to borrow on accounts receivable.

The first two bills were introduced by Representative Frederick A. Virkus who is also a leader in the National Movement for the Protection of Small Business. The third bill was introduced by Representative Alan E. Ashcraft, Jr., a prominent Chicago lawyer.

All three bills are simple in their nature. The amendment to the Chattel Mortgage Act provides that the mortgagor must file with the recorder of deeds a notice of intention to foreclose and sell personal property at least seven days prior to the time of foreclosure and sale. Under the present law sufficient time is not allowed to permit the creditor to properly protect himself.

The bill amending the present Bulk Sales

Law requires 10 days notice of the sale instead of 5 days; also requires the vendor to provide a sworn inventory of the stock and fixtures and to send a copy to all creditors; also adds a provision that creditors shall be paid first out of the proceeds of the sale.

The third bill, dealing with the assignment of accounts receivable, takes note of the fact that in 1941 the total volume of accounts receivable financed in the United States amounted to more than 2 and one half billion dollars. The main purpose of the new bill introduced in the Illinois Legislature provides that notice of the Assignment of Accounts Receivable or the intention to assign must be filed with the recorder of deeds within 1 year immediately preceding or 10 days immediately following the execution of the assignment. The statement must give the names of the assignor and assignee, and the address of the principal place of business of each.

The new act does not apply to assignments for the general benefit of the assignor's creditors, to assignments by way of sale without recourse, to assignments of interests in conditional sales contracts, leases of personal property containing rights of purchase, chattel mortgages or casualty or life insurance policies, to assignments of judgments or to assignments of wages or salaries.

San Franciscans Hear Many Interesting Talks During Past Year

San Francisco: One of the most successful committees of the Credit Managers Association of Northern and Central California this past year has been the Meetings and Programs Committee, ably chairmaned by E. E. Young of Leo J. Meyberg Company. This important committee has brought the association membership such outstanding speakers this past year that attendance records are soaring. Usually 250 to 300 members are present at each meeting. More recent speakers include Larry Smith, international news foreign correspondent, who spent a number of years in Japan; Eric Underwood, English publicist, author and traveler, friend of Winston Churchill and David Lloyd George, and more recently, John Kuropatkin Chapel, who served in the Russian Army before coming to the United States in 1918, and who knows Russia from one end to the other.

Minneapolis: Joseph A. McBrien, for many years a leading figure in the Minneapolis Association of Credit Men has just been elected Secretary of the Jordan Stevens Company where he has served as Credit Manager for a number of years.

Chicago ACM Board Votes Approval for Pay-as-You-Go Taxes

Chicago: The Board of Directors of The Chicago Association of Credit Men has gone on record favoring the early establishment of a pay-as-you-go current basis payment plan for collecting federal income taxes. The following statement of the Board was sent to the Illinois Delegations in the Senate and House of Representatives in Washington by President G. H. Nippert:

"We believe the adoption of such a plan will establish a tax consciousness that will be helpful to the Federal Government and to the taxpayers and will soften the financial shock of the post war readjustment."

Speaks at Rochester About Japanese 'Culture'

Rochester: Dr. Douglas G. Haring, Assistant Professor of Sociology at Syracuse University, spoke at the April 14th meeting of the Rochester A.C.M. on "Japanese Industries and the War." Dr. Haring served as an instructor in Japanese schools for several years and is considered an authority on Japanese history, customs and culture.

The Rochester bowling team defeated the Buffalo and Syracuse Associations in top place at a tournament held at the Elks Club. This was the third year in a row that the Rochester bowlers have won.

War Problems to Feature Talks at Foreign Luncheon

Foreign traders attending the War Credit Congress will find an interesting program arranged for them at the foreign trade luncheon which is being held at the Hotel Jefferson, Wednesday, May 26, under the joint auspices of the Foreign Trade Bureau of the St. Louis Chamber of Commerce, the Export Managers Club of St. Louis, the Mississippi Valley Association and the Foreign Credit Interchange Bureau.

George W. Patterson of American Cyanamid Company, chairman of the F.C.I.B. Administrative Committee, will preside. W. F. Gephart, Vice-President, First National Bank in St. Louis, will make an address of welcome and four speakers of outstanding importance in the foreign trade field will present 10-minute addresses on varying aspects of our wartime and post-war trade. The speakers and their subjects are:

J. M. O. Monasterio, Vice-President, Mercantile-Commerce Bank & Trust Co., "Mexico—as Seen in Wartime."

William S. Swingle, Vice-President, National Foreign Trade Council, Inc., "Governmental Influence on Foreign Trade."

A. N. Gentes, Assistant Manager, Foreign Department, Guaranty Trust Company of New York, "Foreign Trade Problems."

Wilbert Ward, Vice-President, The National City Bank of New York, "Post-War Plans for Foreign Trade."

An open forum under the chairmanship of P. M. Haight, Secretary-Treasurer, International General Electric Company, will follow the addresses, and assisting Mr. Haight will be a panel of experts made up of Nicholas J. Murphy, 2nd Vice-President, Chase National Bank, and C. J. Lipert, Champ Spring Company, St. Louis.

All delegates to the War Credit Congress interested in foreign trade are urged to attend.

War Contracts Are Topics at Chicago

Chicago: A round table discussion of Army ordnance contracts was conducted by Lt. Colonel George V. Rountree, Chief of the Contracts Service Branch of The Chicago Ordnance District, at a meeting of The Chicago Association of Credit Men at Association headquarters Tuesday evening, April 6, under the auspices of the War Activities Committee of which Harry E. Ingram, Public Service Company of Northern Illinois, is Chairman.

"The Renegotiation of Contracts" was the subject for discussion at a meeting of the members Wednesday evening, April 27 at Association headquarters by W. R. Odell, Chief of the Price Adjustment Section of The Chicago Ordnance District.

Both meetings were largely attended.

On the Distaff Side

Seattle: The March 8th meeting of the Seattle Credit Women's Club, held at Gowman Hotel, heard an interesting address by Professor Robert Mossey who is special research professor and a former teacher at the University of Grenoble, France. The meeting was in charge of a special committee headed by Miss Betty Hess, as Chairman.

Minneapolis: The Credit Women's Club at its April meeting sold War Stamps in corsage arrangement and solicited War Savings Bond sales totaling more than \$1,500.00. A special fund was also started for obtaining soldier kits for distribution by the Red Cross.

Rochester: Members of the Rochester Credit Women's Club had an interesting talk at the March 23rd meeting by Lieut. Helen Kraft, an enlistment officer in the Rochester area for the W.A.A.C.'s. Lieut. Kraft told of the daily life and duties of a W.A.A.C. and of the many important places where the women's branch of the Army Service is now operating.

New York: At the April 1 meeting, the following officers were elected: President, Miss Eva Marienhoff, Thalheim's Wearwell Shoe Company, Inc.; Vice-President, Mrs. Frances Wasservogel Reville, Keystone Photo-Engraving Corp.; Treasurer, Miss Julia McCauley, William Iselin & Company, Inc.; Secretary, Miss Ida F. Hill, Harriet Hubbard Ayer, Inc.

The guest speaker, Mr. Henry J. Taylor, ace correspondent and well-known author, brought vividly to 120 assembled members and guests the picture of "The Battlefronts Today." It was a rare treat and the war situation, both from a political and economic angle, was driven home very forcefully.

Milwaukee: Loretta M. Fischer, of the George Ziegler Company, is the new President of the Credit Women's Club of the Milwaukee Association. Other officers are: Vice-President, Sophia A. Baumgartel, Phil Orth Company; Secretary, Josephine McManus, American Gear & Parts Company; Treasurer, Anne Thewalt, Frederick Roth Company.

Cincinnati: At the April meeting of the Credit Women's Club at the Y.W.C.A. on Thursday, April 8, the officers for the year were elected as follows: President, Betty Stone, Grace A. Rush, Inc.; Vice-President, Ruth Gammon, McKesson & Robbins, Inc.; Secretary, Francis Zwanzig, Gibson Art Co.; Treasurer, Loretta Gilliece, Rinsky Brothers.

Albuquerque: At the March 16th meeting of the Credit Women's Club the following officers were elected: President, Harriett Puccetti; Vice-President, Veda Chandler; Secretary, Louise DeBerry;

Treasurer, Mable Stansbury; Board Members, Hedwig Menke and Oma Ballinger. After the election a program of "Information Please" was conducted by Lillian Dolde and a prize given for the one receiving the highest score.

New Orleans: At a meeting, Wednesday, March 24th, the following officers of the New Orleans Credit Women's Club were re-elected: President, Mrs. Vera M. Ferrell, Sazerac Company, Inc.; Vice-President, Mrs. Blanche Wright, Eugent Dietzgen Company; Secretary, Miss Alma Lee Maholland, Motion Picture Advertising Service, Inc.; Treasurer, Miss Natalie Catalanello, Shuler Supply Company.

St. Louis: Seventeen credit women attended an intense eight-week course on "Personnel-Public Relations" sponsored by the St. Louis Association of Credit Women, under the tutelage of Ralph Brown, personnel publicity director of Mississippi Valley Trust Company in St. Louis. Those receiving certificates were: Nina Darnell, Lorene Dunkman, Emma Ebinger, Irene Fitzpatrick, Genevieve Hubbell, Ethel Leonard, Mary Leslie, Elizabeth Ottens, Gertrude Richarz, Eureka Scott, Florence Stoermer.

Denver: The Credit Women's Club of Denver at its March 22nd meeting elected the following officers: President, Virginia Wright, Goodyear Tire Company; Vice-President, Maude Sonne, Isbell-Kent-Oakes D. G. Co.; Secretary, Wilma Male, Merrill Axle & Wheel Service; Treasurer, Winifred Reed, C. A. Crosta Co.

Minneapolis: One of the most important meetings of the Minneapolis Wholesale Credit Women's Club was held at the Francis Drake Hotel at six o'clock on Thursday, April 8th.

The program included a professional forum and election of officers for the coming year. Officers elected were:

President—Blanche Scanlon, Nash Coffee Company; Vice President—Florence Armstrong, Minneapolis Honeywell Regulator Company; Secretary—Marion Hall, H. A. Holden Company; Treasurer—Irene Larson, Coast to Coast Stores Central Organization, Inc.

Members of the Club wish to thank Mrs. Phyllis Johnson and her committee for the fine programs of the past year. It is work such as these members have contributed that makes our Club the fine organization that it is.

E. A. Pulford Advanced

E. A. Pulford, credit manager of the National Malleable & Steel Castings Company, Cleveland, and immediate past president of the Cleveland Association of Credit Men, has just been advanced to the office of assistant treasurer of his company.

Chicago Chapter Ends Successful Lecture Course on Credits

Chicago: The Chicago Chapter of The National Institute of Credit has completed a successful course of lectures on credit problems for senior and junior credit executives.

Four speakers have appeared on the program: Allen W. Selby, Credit Manager, The Chicago Daily News, who spoke on "Financial Statement Analysis"; R. L. Seaman, Treasurer of The Florsheim Shoe Company on, "Credit Department Procedure"; A. L. Ludolph, Secretary and Treasurer of Franklin MacVeagh and Co. on "Collections," and W. H. Hottinger, Jr.,

Assistant Secretary of Bowey's Inc., and a member of the Illinois Bar on "Legal Entanglements."

These meetings have been very successful with an average attendance of 125 at each meeting.

St. Louis—Certificates were issued to 16 persons for satisfactory attendance and progress in the two classes "Credit Fundamentals" and/or "Advanced Credit Problems" course sponsored by the St. Louis Association of Credit Men for the third year through cooperation of the Distributive Education Department of the St. Louis Board of Education.

Under the tutelage of A. J. Wagner, credit manager of Mallinckrodt Chemical Works, were 9 women and 5 men, ranging in age from 21 to 47 in the "Credit Fundamentals" course, while the "Advanced Credit Problems" course had 7 women and 16 men, ranging in ages from 23 to 60.

"The 266 years of accumulated credit experience represented by the 23 persons registered in the advanced credit course," says Orville Livingston, "would indicate that the saturation point is seldom, if ever, attained in credit education."

Certificates were issued by Francis Wright, Supervisor of Distributive Education, for the St. Louis Board of Education, and distributed by Orville Livingston, executive secretary of the St. Louis Association of Credit Men to the following persons: Mansel L. Danford, Elvira Friederich, Dorothy Gustin, Lucile Hilleman, Charles Schmat, Eunice Sommerfeldt, Helen Reding, Bertha Ridley, Edward Roach, Alfred Metzler, Paul Hoffman, Thomas Cavanaugh, Arthur Reich, Mary Kain, Fred Bernatz and Fred Schaeffer.

Baltimore—The March meeting of local credit executives was sponsored by the credit fraternity of Baltimore and the Baltimore Association of Credit Men at the Hotel Stafford. Richard H. Stout, President of the Morris Plan Bankers Association, Washington, D. C., discussed "Current Problems Affecting the Credit Executive."

Binghamton—Student Recognition Night was the feature at the March 24th meeting of the Triple Cities Association of Credit Men in the Arlington Hotel, at which time recognition was given to the work of Frank C. Knapp, Educational Chairman, and his committee members, Mr. David J. Morgan, Mrs. Lucile Mickle and Mr. Robert Sturdevant.

The student members of the recent course in "Business Law" were guests at the dinner meeting at which the speaker was Attorney C. Addison Keeler, who spoke on "Old Laws and New Regulations."

A.O.W. Anderson Heads Hartford Association

Hartford: The following Officers and Directors were elected at the Hartford Association's Annual Meeting on March 30th, 1943 to serve for the ensuing year:

President: A. O. W. Anderson, Socony-Vacuum Oil Company, Hartford, Conn.

Vice-President: N. J. Belcourt, Hart-

ford-Connecticut Trust Co., Hartford, Conn.

Secretary: R. J. Dwyer, Phoenix Insurance Co., Hartford, Conn.

Treasurer: C. A. Gustafson, Bristol Brass Corporation, Bristol, Conn.

About fifty-five members turned out for the Annual Meeting which was also our Annual Insurance Night. Bruce Bielaski of the National Board of Fire Underwriters gave a very interesting talk on arson cases.

Wichita Schedules Insurance Talks by Three Credit Men

Wichita: C. F. Parker is chairman of the Membership Meeting scheduled for May 20th which is slated as a discussion of insurance as it pertains to credit.

Rollo S. Thurlow, Treasurer, Fox-Vliet Drug Company, will discuss "Does a Credit Man Have a Need for Insurance Information?" Vern D. Everitt, Assistant Secretary, McKesson-Robbins, Inc., will talk on "Is the Credit Man Now Getting Proper Insurance Information?" John S. Wertz, Secretary-Treasurer of the Vickers Petroleum Co., will discuss "Losses to Suppliers, Due to Inadequate Insurance Protection."

It is planned to have insurance experts on hand to answer any questions that might be presented following the paper outlined above.

Pittsburgh Zebras Greet Adopted Pilot At Big Roundup

Pittsburgh: On Monday, March 22, the Pittsburgh Herd of Zebras had a dinner with an attendance of almost 100 per cent of its members, and entertained as honored guests their "adopted pilot," Clifford E. Gedekoh and Captain L. A. Floro of the U. S. Army Recruiting Service.

Clifford is now fully recovered from an operation, correcting a condition which prevented his entry in the Army Air Service, and he is ready to accept the duties prescribed for him by Uncle Sam. The Herd members all joined in wishing Clifford everything necessary to succeed in his ambitions, and he promised to carry the colors of the Royal Order of Zebras high into the skies and do his share to get his bag of Axis fliers.

After the dinner, the rough and tough members of the initiation teams placed the well-known black and white stripes of Zebradom on the following: Ed. Beck, Geo. Wehn Co.; Ed. Johnston, West Penn Power Co.; Harry MacQuown, McLean Mfg. Co.; Howard Payne, Pittsburgh Screw & Bolt Co.; Andy Schmelz, Steel Product Co.; Al Williams, Allegheny Asphalt Co.; Carl Zinsmeister, United Engineering & Foundry Co., and Howard Zirkle, Armour & Co. Exalted Superzeb Roy Willey presided, and with the assistance of Past Superzebs Murray Johnston, Joe Solinsky, Byron Stump and Fred Menges, the evening was rounded out full of activities.

YOUR SPRING CLEAN-UP HELPS PREVENT FIRE



The Phoenix

Insurance Company, Hartford, Conn.

1854

The Connecticut
Fire Insurance Co., Hartford, Conn.

1850

FOUITABLE
Fire & Marine Insurance Company
PROVIDENCE, R.I.

1859

ATLANTIC FIRE INSURANCE CO.

Raleigh, North Carolina

THE CENTRAL STATES FIRE INS. CO.

Wichita, Kansas

GREAT EASTERN FIRE INSURANCE CO.

White Plains, N. Y.

MINNEAPOLIS F. & M. INSURANCE CO.

Minneapolis, Minn.

RELIANCE INS. CO. OF CANADA

Montreal, Canada



HARTFORD

30 Trinity Street

CHICAGO

Insurance Exchange

NEW YORK

110 William Street

SAN FRANCISCO

220 Montgomery Street



TIME TRIED & FIRE TESTED

N. Y. "C" Women Collect \$1,500 for Red Cross In Five-Week Drive

New York: Determined to break all previous records, the New York Credit Women's Group, in a strenuous five week campaign for the Red Cross, collected the sum of \$1500.00. The announcement was made at the April meeting held at the Fifth Avenue Hotel, New York City, with 120 members and guests present.

Starting early in the season, the Group keenly conscious of its duty toward the war effort agreed in collaboration with the professional business women's groups to man the War Action Center at Pershing Square, New York City. Ten women took over the Center one night a week and this activity is still in progress.

Over \$200.00 was collected for Christmas Packages sent overseas for the boys in service. Money also was donated to the U.S.O.; to the American Jewish Congress and to the New York Credit Women's Association for purchasing cigarettes for Credit Men in service.

The climax of the season, however, was the Red Cross drive and the group can proudly report that this has been one of the most successful seasons since its organization in 1924.

1st Prexy Assists Alabama Association Celebrate 40th Year

Birmingham: The Alabama Association held its 40th Anniversary party at the Thomas Jefferson on April 15, with special guests, friends and associates.

This was a fun and fellowship meeting with the ladies and management especially invited. R. A. Porter, the first president of the Association, was an honored guest. The Alabama Association is proud of its 40 years of service and was pleased to have Mr. Porter present to see the work he begun being carried forward. The Association is now ably headed by W. H. Early of the Birmingham Paper Co. who is serving as president for the fourth time.

W. C. Darby, Secretary-Manager, will complete his 23rd year of service with the Alabama Association on July 1.

Norfolk Hears of German Morale

Norfolk: "Hopes for an early break in German morale should not blind our vision of reality," the Norfolk Tidewater Association was told at its March 25th meeting by Captain Clarence C. Klein, U. S. Army Air Corps. Captain Klein, a former university professor and lately director of public welfare in Pittsburgh, said that from his personal observation the German people are zealously and fanatically devoted to the Nazi philosophy and that most of the people look upon Adolph Hitler as a demigod. He said the only way to wipe out this fanaticism is for Germany to be severely beaten.

Talk of Post-War Planning



New York: On March 18th, 1943, the Alumni Association of the National Institute of Credit held a dinner meeting and round-table conference at the Hotel Duane, 37th Street and Madison Avenue, New York. At that meeting a nominating committee was appointed with L. B. Wilson, of National Carbon Company as chairman, to select a slate of officers to serve on the Alumni Council for the coming year.

The guest speakers for the round table discussion were: Carl Henrikson, Regional Business Consultant, U. S. Dept. of Commerce; Miss Ruth Hahn, Editor, Sales Management; Richard Manville, Director of Research, Donahue & Coe, Inc. The subject of the evening was "Post War

Planning." The speakers certainly knew their subject well and members were treated to a most interesting and instructive evening.

On March 23, 1943, nominating committee presented the following names to serve as officers of the Alumni Council for the year 1943-1944: President, Thomas J. O'Brien; Vice-President, Charles A. O'Donnell; Vice-President, H. F. Christie; Vice-President, John G. Duetsch; Treasurer, Theodore Leroy; Secretary, Elwood M. Fuller.

At the April 29th meeting David E. Golieb, International Handkerchief Mfg. Co., made an interesting talk to the members of the Chapter Alumni Association.

**Don't Forget the Date
May 25-26-27
St. Louis, Mo.**

Portland Conference Has Big Attendance At Two-Day Session

Portland: As usual, the Northwest Conference set a high score in accomplishment and membership interest. Portland was the host this year with E. G. Leihy, of Wadhams & Company, acting as general chairman. The program started on Thursday, March 25th, with a general get-together in the morning and eleven trade groups holding sessions during the afternoon. The conference closed on Friday evening with a banquet addressed by Bishop Bruce R. Baxter. Don Ross, Past National President, served as toastmaster at the banquet.

There was a total registration at the conference of 434. Seattle, Tacoma, Bellingham, Spokane and Lewiston all sent large delegations. Among those attending the conference were: Owen S. Dibbern, Western Division Manager; Otis Walker, Secretary-Manager from San Francisco; Jack Ferns of the Palmolive-Peet Company, President of the San Francisco Association; Ed Blaine, National Vice-President from Seattle; Frank Dudley, National Director from Portland; John Cowan, Secretary-Manager of the Canadian Credit Men's Trust Association, Limited, at Vancouver, B. C.; and L. Watson also from the Canadian Credit Men's Trust Association.

Raymond Hough Is Named as Acting Manager N.Y.C.M.A.

New York: Raymond Hough, Assistant Secretary and Service Bureau Manager of the New York Credit Men's Association, has been named acting Executive Manager and Acting Secretary by the Board of Directors, it has been announced by Harry J. Delaney, President.

Mr. Hough, who has served the Association for the past fifteen years in various capacities, will carry on the duties heretofore performed by Clarence L. Riegel until such time as the board selects a permanent executive manager and secretary. Mr. Riegel submitted his resignation recently and it has been accepted by the Board with regret.

Toledo Holds Its Annual Meeting at Luncheon Session

Toledo: Dr. Josef L. Kunz, professor of international law, at the University of Toledo, was the speaker at the April 14th meeting of the Toledo Association. His subject was "The Present Situation of the War." At this meeting the officers presented their annual report. The meeting was changed from a night meeting to a noon luncheon, as many of the members seemed to desire that time of day for meetings.

R. M. Wilder Named New President of Syracuse "C" Men

Syracuse: The April dinner meeting of the Syracuse A.C.M. had as its guest speaker Louis John Taber, President of the Farmers & Traders Life Insurance Co., of this city. Mr. Taber's subject was "Unseen Battles for Victory."

The new officers of the local Association include the following: President, Roderic M. Wilder, Pass & Seymour, Inc.; Vice-President, James Johnson, John C. Larkin, Auditors and Accountants; Vice-President, William J. Hindman, James S. Kemper & Co.; Treasurer, Charles V. Lane, Syracuse Trust Co.; Councillor, F. Clifford Heath, Sealright Co., Inc.; Secretary, Newton D. Bartle.

Directors include Russell F. Coonley, Lennox Furnace Co.; Frank M. Dickinson, Jr., Merchants Nat'l Bank & Trust Co.; M. Floyd Dresser, Victoria Paper Mills Co.; F. Clifford Heath, Sealright Co., Inc.; William H. Kearney, J. P. Byrne & Co., Inc.; Milan J. Lyon, Baldwin-Hall Co., Inc.; Cecil E. Merritt, The Post-Standard Co.; Frederick Richter, Onondaga Pottery Co.; H. Myal Roberts, Pierce Butler Radiator Corp.; Kenneth P. Sheehan, Mack, Miller Candle Co.; Frederick P. Weymer, A. F. Weymer Co., Inc.

Chicago Credit Women Mourn Passing of Mrs. Harriet Brown

Chicago: Mrs. Harriet A. Brown, affectionately known to her friends as "Brownie," passed away on March 27. Mrs. Brown had been associated with J. C. Degan, Inc., for many years, but had retired about a year ago because of ill health. Her generosity and hospitality were bywords among her many friends here, and the Chicago Credit Women's Club held many lovely outings at her home at Algonquin on the Fox River.

As a tribute to Mrs. Brown, the Credit Women's Club of Chicago is awarding an additional scholarship in Credit and Collections to be called the "Harriet A. Brown Scholarship"—as this is something in which she was very much interested.

Ruth Johnson Named President of Chicago Credit Women's Club

Chicago: Miss Ruth Johnson was elected president of the Credit Women's Club of Chicago at the annual meeting on March 9. She is a former member of the Banking Women's Club and the Chicago Business and Professional Women's Club, in which clubs she held executive offices.

Miss Johnson started her business career at the Sheridan Trust & Savings Bank as stenographer and general clerk, and worked her way through practically every department in the bank to the Credit Department; she was secretary to the Presi-

dent of the bank, assistant personnel manager in charge of the women employees, and finally was made Manager of the Women's Department. For the past nine years she has been credit manager and personnel manager of the collection department of the Century Metalcraft Corporation. The Metalcraft Corporation has been a member of the Credit Men's Association since 1937, and Miss Johnson has been a member of the Credit Women's Club of Chicago since 1936.

R. M. Bell Retires After 34 Years with Company

Youngstown: The General Fireproofing Company announced early in April the retirement of Renick M. Bell who has served that company for the past twenty-nine years as secretary and treasurer. Altogether Mr. Bell has been connected with the General Fireproofing Company for thirty-four years. He will continue to serve as a director for the company. W. D. Skinner, formerly assistant treasurer, has been elected as secretary and treasurer of the company with D. K. Phillips appointed as comptroller.

Milwaukee to Hear Heimann May 7th

Milwaukee: Henry H. Heimann is the speaker for the annual meeting to be held here on May 7th. The local Association is making plans for a big turnout for this meeting.

President Herbst has appointed Ray N. Tice, of the Pittsburgh Plate Glass Co., chairman, and V. H. Steinfeldt, American Lace Paper Company, as members of the Milwaukee Association Fraud Prevention Committee.

Kansas City: Henry H. Heimann was the speaker at the annual dinner meeting of the Kansas City Association on the night of April 24th. A conference and general business session preceded the dinner meeting.

Malcolm S. Kelley, President at Albany, Named Navy Lieut.

Albany: Malcolm S. Kelley has resigned as president of the Eastern New York Association of Credit Men and has been appointed a Lieutenant, j.g., in the United States Navy. Elton P. Huyck is completing the term of Mr. Kelley until the annual election on June 1, 1943.

Detroit Zebras Hear About Perils of War

Detroit: Members of the Detroit Herd of Zebras had first-hand information about the reality of the War at its April 14th meeting. Private Leslie Taylor told of the fury of the Dieppe Raid. This talk was followed by sound pictures showing preparations for and interesting highlights of a bombing raid over Germany.

16 Certificates Are Awarded to St. Louis Credit Course Students

St. Louis: The St. Louis Association of Credit Men announces that certificates have been issued to 16 persons for satisfactory attendance and progress in the two classes, "Credit Fundamentals" and/or "Advanced Credit Problems" course, sponsored by the Association for the third year through cooperation of the Distributive Education Department of the St. Louis Board of Education.

Under the tutelage of A. J. Wagner, credit manager of Mallinckrodt Chemical Works, were nine women and five men in the "Credit Fundamentals" course, while the "Advanced Credit Problems" course had seven women and 16 men.

Certificates were issued by Francis Wright, Supervisor of Distributive Education for the St. Louis Board of Education, and distributed by Orville Livingston, executive secretary of the St. Louis Association of Credit Men, to the following persons: Mansel L. Danford, Elvira Friederich, Dorothy Gustin, Lucile Hilleman, Charles Schmat, Eunice Sommerfeldt, Helen Reding, Bertha Ridley, Edward Roach, Alfred Metzler, Paul Hoffman, Thomas Cavanaugh, Arthur Reich, Mary Kain, Fred Bernatz and Fred Schaeffer.

President Tritton at Quaker City Banquet

Philadelphia: The forty-eighth annual meeting and banquet of the Credit Men's Association of Eastern Pennsylvania was held on April 22nd. The annual business meeting was held at 5 P.M. followed by a reception for the new officers and at 7 P.M. a banquet at which Bruce R. Tritton, National President, N.A.C.M., was one of the speakers. Mr. Tritton commended the Philadelphia Association for its excellent record in membership gain during the past year.

Ernest I. Kilcup Is Speaker at Providence

Providence: Ernest I. Kilcup, past national president, N.A.C.M., and president of the Davol Rubber Company, was one of the principal speakers at the joint dinner meeting of the Rhode Island Association of Credit Men and the Providence Chapter of Cost Accountants, held on April 13th. Russell C. Harrington, resident partner of Ernst and Ernst, certified public accountants, talked on "Accounting Under War-time Conditions."

Detroit Sets May 14th For Annual Meeting

Detroit: The annual meeting and election of officers and directors will be held on May 14th. Harold Kline, of the Detroit Edison Company, is completing arrangements for this program which will be a grand wind-up for a big year for the Detroit Association.

Money and Securities May Now Be Covered By War Insurance

The original insurance program of War Damage Corporation did not include protection against loss of money and securities. Subsequent demands for such coverage resulted in adoption, effective December 21, 1942, of a new policy WDC Form No. 1(a) affording protection against damage to or destruction of "Money" and "Securities." Under this insurance any person, firm, corporation, trustee, municipality, public official, hospital, society or other organization owning or holding money or securities, whether or not legally liable therefor, may select the type of coverage, whether on the Insured's business premises, in safe deposit boxes or in the offices of "Custodian" or elsewhere, and the amount of protection desired with respect to each coverage.

Particulars may be secured from your regular insurance agent or broker.

Clayton Rand Speaks At Annual Dinner of Milwaukee Assn.

Milwaukee: Ladies were well represented at the annual dinner meeting of the Milwaukee Association of Credit Men on March 23. President Herbst introduced National Director A. L. Podrasnik of Chicago Times, Inc., and Mrs. Podrasnik, and the following who were also seated at the speaker's table: Mrs. Herbst, Association Treasurer Wm. Wanvig of Globe Union, Inc., and Mrs. Wanvig, Secretary H. S. Garness and Mrs. Garness, also Frederick H. Schrop of the National Office who spoke briefly on the approaching Credit Congress to be held in St. Louis, May 25, 26 and 27.

Clayton Rand was the speaker of the evening, and held his audience for over an hour in his factual as well as optimistic picture of present national conditions. He expressed the wish that it were possible for him to begin life at this time as the greatest times in the history of the world will, in his opinion, follow developments after the war. President Herbst provided on the program for a question and answer period, in which many took part.

E. G. Robie Honored For 25th Year as Duluth Secretary

Duluth: The officers, directors and members of the Duluth-Superior District Credit Men's Association honored their Secretary, E. G. Robie, on the 25th anniversary of his appointment as Secretary-Manager of the Duluth-Superior Association.

J. F. McCune, Credit Manager of Crane Company, and President of the Duluth-Superior Association, acted as Toastmaster. After the dinner, presentation of a purse, containing fifty silver dollars, was made to

Business Thermometer

Wholesalers' Sales, Inventories, and Credits

February 1943



Sales of wholesalers, based upon reports from 2697 firms representing most kinds of business in all parts of the country, gained 4 per cent in February, 1943, over February, 1942, according to an announcement released today by J. C. Capt, Director of the Census. Sales for the first two months of 1943 compared with the corresponding period of 1942 remained at approximately the same level, but for February this year compared with the preceding month there was a slight (3 per cent) gain.

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census. Detailed figures are presented in the following table in summary for the United States and, insofar as the data permit without disclosing individual operations, by geographic divisions.

Compared with February, 1942, increases this February ranged from 1 per cent to 47 per cent, for 24 of the 35 wholesale trades for which separate data are presented in this report. Increases measuring 25 per cent or more were registered for nine kinds of wholesalers, of which the following may be noted: Wines and liquors, 47 per cent; liquor departments of other trades, 37 per cent; beer, 36 per cent; dry goods, 26 per cent; groceries and foods (full-line) and jewelry, each 25 per cent. Smaller percentage gains were shown for tobacco and its products (17 per cent), drugs and sundries (16 per cent), voluntary-group wholesalers of groceries and foods (5 per cent), and hardware industrial supplies (3 per cent). Sales of automotive sup-

plies were off 7 per cent; general hardware, 11 per cent; plumbing and heating supplies, 12 per cent; and electrical goods, 32 per cent.

Wholesalers' inventories, in terms of dollars based on cost values, at the close of February, 1943, dropped 23 per cent compared with February, 1942. This was the seventh consecutive month that inventories showed a decrease when compared with the corresponding month of the preceding year. February, 1943, inventories were at approximately the same level as inventories of January, 1943.

The stock-sales ratio for wholesalers at the end of February this year was 119; at the end of February, 1942, 156; and at the end of January, 1943, 126. Only three of the 32 trades for which stock-sales ratios are shown recorded increases this month over February, 1942—paper and its products, surgical equipment and supplies, and petroleum. Wholesalers of dairy and poultry products, with a 15 per cent increase in sales and a 49 per cent decrease in inventories, reported a stock-sales ratio of 25 for February, 1943, against 59 for February, 1942. Wholesalers of clothing and furnishings (except shoes) registered sales down 9 per cent, inventories down 17 per cent, and a stock-sales ratio of 99 this February, compared with 162 in February, 1942. Groceries and foods (specialty lines) showed a sales gain (19 per cent), inventory gain (1 per cent), but a stock-sales ratio of 79 in February this year compared with 96 for February, 1942.

Collections on accounts receivable for February, 1943, were up more than 20 per cent over those of February, 1942, but down 4 per cent from the preceding month. The collection ratios for the three periods were: February, 1943, 95; February, 1942, 79; and January, 1943, 99. Accounts receivable were 14 per cent less on Feb. 1, 1943, than on Feb. 1, 1942, this decline, on a year-to-year basis, having continued since August, 1942.

Mr. Robie by J. E. Hoff, Credit Manager of Klearflax Linen Looms, Inc. Telegrams and testimonials were read. Seventy credit managers of the wholesalers, manufacturers and banks at the Head of the Lakes congratulated the secretary on his excellent administration and express the hope that his incumbency may be extended over another twenty-five years.

Wholesalers' Sales and Inventories—February 1943

| Kind of Business | Sales—Current Month | | | | Sales—Year-to-Date | | Inventory—End-of-Month (At Cost) | | | | Stock-Sales Ratios ^a | | |
|---|---------------------------------|-------------------------|-------------------------|-------------------------|---------------------------------|---------------------------|----------------------------------|-------------------------|-------------------------|-------------------------|---------------------------------|-----------|-----------|
| | Number of firms reporting sales | Percent Change | | February 1943 (Add 000) | Percent change from 2 Mos. 1942 | Two Months 1943 (Add 000) | Number of firms reporting stocks | Percent Change | | Feb. 28, 1943 (Add 000) | Feb. 1943 | Feb. 1942 | Jan. 1943 |
| | | Feb. 1943 vs. Feb. 1942 | Feb. 1943 vs. Jan. 1943 | | | | | Feb. 1943 vs. Feb. 1942 | Feb. 1943 vs. Jan. 1943 | | | | |
| United States..... | 2,697 | + 4 | + 3 | \$288,979 | + 1 | \$605,637 | 1,701 | -23 | - 1 | \$215,529 | 119 | 156 | 126 |
| Automotive Supplies..... | 182 | - 7 | + 2 | 3,406 | -12 | 7,791 | 90 | -25 | - 1 | 3,162 | 196 | 253 | 190 |
| Chemicals (industrial)..... | 17 | +11 | + 9 | 1,571 | - 2 | 3,613 | 12 | - 1 | - 2 | 532 | 41 | 50 | 48 |
| Paints and Varnishes..... | 63 | + 7 | +10 | 3,350 | + 2 | 6,423 | 18 | -12 | - 3 | 1,492 | 161 | 244 | 218 |
| Clothing and Furnishings, except Shoes..... | 37 | - 9 | +33 | 3,088 | - 8 | 6,551 | 19 | -17 | - 6 | 996 | 99 | 162 | 144 |
| Shoes and Other Footwear..... | 31 | + 1 | - 3 | 16,506 | + 6 | 33,559 | 17 | -38 | - 4 | 4,583 | 57 | 90 | 61 |
| Coal..... | 7 | +42 | + 6 | 1,264 | +23 | 2,839 | b | b | b | b | b | b | b |
| Drugs and Sundries (liquor excluded)..... | 124 | +16 | - 6 | 22,165 | +12 | 48,052 | 95 | c | + 4 | 28,820 | 165 | 193 | 151 |
| Dry Goods..... | 88 | +26 | c | 19,544 | +27 | 35,874 | 48 | -21 | - 1 | 17,453 | 143 | 218 | 146 |
| Electrical Goods..... | 323 | -32 | + 9 | 23,986 | -30 | 47,493 | 285 | -57 | - 4 | 15,265 | 66 | 106 | 76 |
| Dairy and Poultry Products..... | 25 | +15 | + 4 | 2,256 | +11 | 5,151 | 14 | -49 | +10 | 205 | 25 | 59 | 23 |
| Fresh Fruits and Vegetables..... | 76 | +20 | + 4 | 3,416 | +25 | 7,866 | 51 | -22 | - 3 | 613 | 25 | 36 | 26 |
| Farm Supplies..... | 9 | +43 | +66 | 2,085 | +37 | 3,338 | b | b | b | b | b | b | b |
| Furniture and House Furnishings..... | 51 | -15 | - 3 | 4,922 | -10 | 11,699 | 28 | -46 | -16 | 5,077 | 135 | 205 | 148 |
| Groceries and Foods, except Farm Products..... | 585 | +15 | + 5 | 59,841 | + 7 | 128,205 | 352 | -15 | c | 42,917 | 123 | 170 | 129 |
| Full-line Wholesalers ^d | 296 | +25 | + 7 | 26,639 | +13 | 52,922 | 172 | -18 | - 2 | 19,164 | 123 | 188 | 136 |
| Voluntary-group Wholesalers..... | 138 | + 5 | + 4 | 19,333 | - 2 | 42,458 | 96 | -16 | + 1 | 15,644 | 158 | 202 | 163 |
| Retailer-cooperative Warehouses..... | 17 | - 5 | c | 3,677 | - 9 | 7,709 | 10 | -23 | c | 2,601 | 110 | 128 | 109 |
| Specialty Lines..... | 134 | +19 | + 1 | 10,192 | +17 | 25,116 | 74 | + 1 | + 4 | 5,508 | 79 | 96 | 76 |
| Confectionery..... | 38 | + 9 | - 5 | 586 | +25 | 1,604 | 23 | -25 | - 3 | 230 | 58 | 89 | 54 |
| Meats and Meat Products..... | 87 | +15 | - 5 | 34,324 | +10 | 71,889 | 65 | - 6 | - 4 | 6,575 | 48 | 58 | 51 |
| Beer..... | 62 | +36 | + 5 | 1,259 | +29 | 2,514 | 49 | +13 | - 1 | 467 | 47 | 55 | 49 |
| Wines and Liquors..... | 26 | +47 | - 6 | 6,043 | +37 | 16,383 | 18 | - 1 | + 1 | 9,038 | 167 | 244 | 153 |
| Liquor Department of Other Trades ^e | 38 | +37 | + 3 | 7,071 | +28 | 14,862 | 36 | -26 | + 5 | 7,449 | 107 | 198 | 106 |
| Total Hardware Group..... | 352 | - 8 | - 9 | 37,129 | -13 | 76,752 | 225 | -27 | - 3 | 45,088 | 180 | 226 | 212 |
| General Hardware..... | 136 | -11 | -12 | 21,206 | -17 | 43,348 | 85 | -28 | - 5 | 31,003 | 211 | 250 | 259 |
| Industrial Supplies..... | 114 | + 3 | + 6 | 11,001 | - 2 | 23,077 | 75 | -18 | c | 10,844 | 137 | 184 | 149 |
| Plumbing and Heating Supplies..... | 102 | -12 | + 2 | 4,922 | -13 | 10,327 | 65 | -41 | c | 3,251 | 134 | 186 | 155 |
| Jewelry..... | 33 | +25 | +53 | 2,123 | +25 | 3,690 | 17 | -31 | - 5 | 1,592 | 155 | 330 | 217 |
| Optical Goods..... | 15 | + 9 | +11 | 247 | + 5 | 563 | 6 | - 9 | - 7 | 111 | 168 | 207 | 200 |
| Lumber and Building Materials..... | 55 | - 7 | -11 | 3,439 | - 1 | 7,452 | 39 | -15 | - 1 | 3,163 | 117 | 134 | 108 |
| Machinery, Equipment and Supplies, except Electrical..... | 58 | - 5 | +10 | 2,846 | - 9 | 6,035 | 40 | -27 | -10 | 3,273 | 160 | 186 | 193 |
| Surgical Equipment and Supplies..... | 19 | +14 | - 3 | 804 | +15 | 2,188 | 13 | +20 | + 1 | 923 | 132 | 128 | 126 |
| Metals..... | 27 | + 7 | +13 | 4,240 | c | 8,642 | 16 | -15 | + 4 | 3,739 | 101 | 133 | 112 |
| Paper and Its Products..... | 89 | -18 | + 1 | 5,323 | -21 | 11,323 | 42 | - 3 | - 1 | 3,974 | 150 | 117 | 158 |
| Petroleum..... | 7 | -21 | - 4 | 501 | -27 | 1,669 | 5 | - 2 | - 2 | 314 | 75 | 63 | 70 |
| Tobacco and Its Products..... | 132 | +17 | + 1 | 12,708 | +12 | 25,944 | 51 | - 1 | + 1 | 5,294 | 87 | 97 | 85 |
| Leather and Shoe Findings..... | 18 | +31 | +32 | 524 | +16 | 916 | b | b | b | b | b | b | b |
| Miscellaneous..... | 23 | + 7 | + 4 | 2,412 | +10 | 4,767 | 27 | c | - 6 | 3,174 | 152 | 152 | 190 |

^a These stock-sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.
^d Not affiliated with voluntary or cooperative groups.

^b Insufficient data to show separately.

^c Less than 0.5 percent.

^e Chiefly of the wholesale drug trade.

Wholesalers' Accounts Receivable and Collections—February 1943

| Kind of Business | Number of firms reporting | Collection Percentages ^a | | | Accounts Receivable | | |
|---|---------------------------|-------------------------------------|---------------|--------------|-------------------------|-------------------------|----------------------------------|
| | | February 1943 | February 1942 | January 1943 | Percent change | | As of February 1, 1943 (Add 000) |
| | | | | | Feb. 1943 vs. Feb. 1942 | Feb. 1943 vs. Jan. 1943 | |
| United States..... | 2,219 | 95 | 79 | 99 | -14 | - 1 | \$247,185 |
| Automotive Supplies..... | 140 | 87 | 70 | 84 | -29 | -10 | 2,741 |
| Chemicals (industrial)..... | 16 | 79 | 82 | 74 | - 1 | -14 | 1,733 |
| Paints and Varnishes..... | 30 | 70 | 41 | 60 | -25 | + 7 | 1,260 |
| Clothing and Furnishings, except Shoes..... | 35 | 72 | 61 | 71 | -19 | -20 | 3,559 |
| Shoes and Other Footwear..... | 28 | 62 | 41 | 72 | - 7 | +18 | 10,812 |
| Coal..... | 7 | 85 | 76 | 83 | - 7 | - 3 | 4,436 |
| Drugs and Sundries (liquor excluded)..... | 113 | 91 | 71 | 94 | -14 | + 4 | 21,859 |
| Dry Goods..... | 78 | 66 | 49 | 74 | - 3 | + 7 | 23,641 |
| Electrical Goods..... | 305 | 65 | 72 | 71 | -17 | -11 | 35,288 |
| Dairy and Poultry Products..... | 20 | 156 | 135 | 148 | -12 | - 3 | 1,181 |
| Fresh Fruits and Vegetables..... | 60 | 151 | 136 | 154 | +12 | -12 | 1,351 |
| Farm Supplies..... | 6 | 109 | 115 | 96 | +54 | +115 | 1,187 |
| Furniture and House Furnishings..... | 40 | 77 | 49 | 82 | -36 | +15 | 5,449 |
| Groceries and Foods, except Farm Products..... | 445 | 129 | 103 | 133 | -13 | + 2 | 35,976 |
| Full-line Wholesalers ^b | 212 | 119 | 83 | 123 | - 9 | + 5 | 16,546 |
| Voluntary-group Wholesalers..... | 112 | 134 | 109 | 138 | -20 | + 1 | 11,176 |
| Retailer-cooperative Warehouses..... | 15 | 201 | 166 | 221 | -25 | +12 | 1,441 |
| Specialty Lines..... | 106 | 129 | 98 | 131 | - 6 | - 7 | 6,813 |
| Confectionery..... | 19 | 106 | 70 | 96 | -11 | -17 | 399 |
| Meats and Meat Products..... | 78 | 182 | 165 | 191 | - 2 | - 3 | 17,635 |
| Beer..... | 27 | 118 | 103 | 121 | - 8 | - 2 | 319 |
| Wines and Liquors..... | 20 | 120 | 90 | 128 | - 2 | -11 | 4,110 |
| Liquor Department of Other Trades ^c | 34 | 107 | 71 | 97 | + 2 | -11 | 7,475 |
| Total Hardware Group..... | 326 | 78 | 66 | 80 | -23 | - 2 | 40,018 |
| General Hardware..... | 124 | 82 | 61 | 85 | -35 | + 4 | 20,631 |
| Industrial Supplies..... | 102 | 75 | 78 | 79 | + 2 | - 4 | 12,174 |
| Plumbing and Heating Supplies..... | 100 | 71 | 67 | 68 | -15 | - 4 | 7,213 |
| Jewelry..... | 24 | 59 | 29 | 91 | -51 | -35 | 1,324 |
| Optical Goods..... | 13 | 71 | 58 | 67 | -13 | + 1 | 241 |
| Lumber and Building Materials..... | 52 | 86 | 73 | 91 | -13 | - 5 | 4,262 |
| Machinery, Equipment and Supplies, except Electrical..... | 49 | 67 | 65 | 66 | -25 | - 5 | 3,316 |
| Surgical Equipment and Supplies..... | 18 | 72 | 57 | 67 | - 7 | -12 | 1,105 |
| Metals..... | 26 | 96 | 100 | 93 | - 3 | - 8 | 4,023 |
| Paper and Its Products..... | 78 | 78 | 79 | 84 | -25 | + 2 | 5,893 |
| Petroleum..... | 5 | 113 | 103 | 114 | -34 | + 4 | 380 |
| Tobacco and Its Products..... | 91 | 146 | 119 | 148 | - 9 | - 6 | 6,733 |
| Leather and Shoe Findings..... | 17 | 85 | 51 | 81 | -27 | - 9 | 484 |
| Miscellaneous..... | 19 | 79 | 79 | 83 | +13 | + 3 | 2,015 |

^a Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.
^c Chiefly of the wholesale drug trade.

^b Not affiliated with voluntary or cooperative groups.

^d Less than 0.5 percent.